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East Europe

- Arms Negotiations in Europe—*John Erickson* 369
- Poland: Renewal or Stagnation?—*Richard F. Staar* 373
- Soviet-East European Relations—*Arthur R. Rachwald* 377
- Hungary: Dancing in the Shackles of the Past—*Ivan Volgyes* 381
- East Germany: Coping with Gorbachev—*David Childs* 385
- Czechoslovakia: Realistic Socialism?—*Otto Ulč* 389
- A Prognosis for Yugoslavia—*M. George Zaninovich* 393

- Book Reviews—*On East Europe* 397
- The Month in Review—*Country by Country, Day by Day* 411
- Map—*East Europe*—Inside Back Cover



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Current History

NOVEMBER, 1989

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In this issue, articles explore the evolving conditions in the nations of East Europe, in light of the changing policies of the Soviet Union. As our introductory article points out, "transformation in the European security scene has yet to materialize, although the CFE (conventional forces in Europe) negotiations mark substantial progress. Some worst fears have not materialized. West Europe is not on the road to total 'denuclearization'; the North Atlantic Treaty Organization's 'flexible response' is not yet hopelessly impaired; and the Warsaw Pact seems seriously embarked on negotiation."

Arms Negotiations in Europe

By JOHN ERICKSON

Director, Center for Defense Studies, University of Edinburgh

POLITICAL and economic changes of great, even unpredictable import are now pending throughout Europe. While it is too much to say that all and sundry wait with baited breath for the advent of 1992—that annus mirabilis destined to lead to the implementation of full economic unity within the European Economic Community (EEC)—a sense of expectation and an air of anticipation grow apace. What gives these sentiments added piquancy is the prospect, now soberly and authoritatively predicted, of “a fundamental change in the European security situation,” itself long bedeviled by abortive attempts at East-West negotiation, sterile wrangling over data, obduracy over verification and intransigence over on-site inspection, all compounded by extremely high force levels arrayed in confrontational fashion that have prejudiced stability and imperiled security for East and West alike.

Though the probability of an armed collision between the two alliance systems in Europe—the North Atlantic Treaty Organization (NATO) and the Warsaw Pact (Warsaw Treaty Organization)—has visibly diminished, the aim of bringing about “conventional stability” for the whole of Europe has imposed its own strains on both camps. The euphoria, the rush of blood to the head exemplified by extravagant “Gorbymania,” which attended the completion in December, 1987, of the Treaty on In-

termediate-Range Nuclear Forces (INF) designed to eliminate all land-based, intermediate-range nuclear arms in Europe, has been superseded on the one hand by an ugly and disruptive row in NATO over the fate of short-range nuclear weapons and on the other by a virulent Soviet campaign to block NATO's plans to modernize such weapons, replacing the aging LANCE with a new weapon with a range of 450 kilometers.¹ The INF treaty, which came into effect on July 1, 1988, requires the elimination over a three-year period of all American and Soviet intermediate-range ground-launched nuclear missiles, involving the destruction by June, 1991, of Soviet systems capable of carrying in the order of 1,700 warheads, plus 400 American ground-launched cruise missiles (GLCM's) and Pershing-II missiles, with an additional 72 West German Pershing IA missiles with American warheads (even if these are not actually covered by the treaty). In its first year, the United States On-Site Inspection Agency has conducted 244 inspections in the Soviet Union and has arranged 96 inspections by the corresponding Soviet agency in the United States and Europe. Verification in this instance is confined to a numerically limited, specific category of nuclear weapons, financially bearable and operationally manageable. This project should be contrasted with the verification of any conventional arms reduction, which, in the words of Igor Malashenko of the International Department of the Central Committee of the Communist party, raises “horrific” technical problems. Equally, disposing of a huge mass of disparate conventional weaponry

¹Intermediate range = between 500 km - 5,500 km. At the end of 1988, there were 267 Soviet ground-launched intermediate-range missiles in Europe; NATO deployed 458, but Soviet warheads totaled 741, NATO warheads, 458.

presents formidable problems, not only of monitoring but also of cost. But this is to anticipate.

THE MILITARY BALANCE

Both sides are deeply immersed in what constitutes the "military balance," or the "correlation of forces," and the implications of modernization, particularly with respect to short-range nuclear forces (SNF). NATO squirmed and wriggled out of a political dilemma and a military impasse over the issue of negotiating on short-range nuclear weapons, admitting the principle but only after progress has been made in reducing the Warsaw Pact's superiority in conventional armaments. It is this complexity that has triggered a vigorous Soviet riposte and mutual acrimony over what constitutes "modernization" with respect to SNF armament.² Though no longer a repeat performance of the struggle with "nonproductive data" that doomed the MBFR (Mutual Balanced Force Reduction) talks, the tussle over the significance of the "correlation of forces" in Europe has taken a new turn. The Warsaw Pact vigorously denies the existence of any "military threat" to Europe and any overwhelming superiority reportedly possessed by the Warsaw Pact forces.

On the contrary, what prevails is "rough" or "approximate" parity. A particular cause of complaint is NATO's "selective" approach to tactical nuclear weapons, isolating short-range from "tactical weapons as a whole," literally discounting nuclear artillery and strike aircraft. If tactical nuclear weaponry is considered as a unified and inseparable whole (missiles, artillery, aircraft) then "approx-

imate" parity prevails notwithstanding the Warsaw Pact advantage of 12 to 1 in missiles.³ Nor has the charge that the Soviet Union has modernized its own short-range missiles been proved.

NATO's response has been to question both assumptions, insisting on an indisputable Warsaw Pact superiority in Europe and pointing to the replacement of the Soviet "FROG" (NATO designation, "LUNA" in Soviet usage) missile by the SS-21 (Soviet designation "TOCHKA"). In addition, as General John R. Galvin, Supreme Allied Commander-Europe (SACEUR), has pointed out, whereas a decade ago rough parity did exist in nuclear-capable artillery between NATO and the Warsaw Pact, Pact modernization has of late not only replaced towed artillery systems with self-propelled systems but has also increased their numbers and performance.⁴ Meanwhile, both sides have made public their estimates of the overall "military balance" or the "correlation of forces" with NATO's *Conventional Forces in Europe: The Facts* (November, 1988) and the Warsaw Pact response, *Correlation of the Armed Forces and Basic Types of Armaments of the Warsaw Treaty Organization and the North Atlantic Treaty Organization in Europe and Adjacent Water Areas* (January, 1989).⁵

As might be expected, this is yet another round in the "superiority" versus "parity" controversy. A brief glance at these documents illuminates some glaring discrepancies. NATO figures assess the Warsaw Pact advantage in guns, mortars and multiple rocket launchers (MRL's) as 3 to 1 (counting each weapon with a calibre of 100 mm. or greater). The Pact assessment increases the grand total, but includes field artillery of 75-mm. calibre and larger and mortars as small as 40 mm.; thus its gross figures minimize the Pact advantage. It is manifestly impossible to conceal the advantage enjoyed by the Pact in tanks, but by listing "all types of tanks" (as opposed to particular models as in the NATO document) any expansive margin of superiority shrinks. Lumbering toward a numerical confirmation of "parity," the Warsaw Pact document emphasizes NATO's naval forces, including no less than nine United States aircraft carriers (a surprising expansion of the Atlantic Fleet) and 1,150 United States "naval combat aircraft."⁶

Soviet sources assail NATO's doctrine of "flexible response" as a response that is far from defensive, envisaging as it does "the use of armed forces against the entire depth of the enemy defenses" and providing "for the first-strike use of nuclear weapons";⁷ Soviet negotiators stress the scope of unilateral reductions in military strength and the implementation of a purely defensive doctrine, with force levels based on the concept of "reasonable sufficiency" (*razumnaya dostatochnost*).⁸ Between 1989

²See, for example, text of an interview with Marshal of the Soviet Union Sergei Akhromeev, adviser to the chairman of the Presidium of the USSR Supreme Soviet, *Pravda* (Moscow), April 19, 1989.

³Marshal Akhromeev in his *Pravda* statement assigns NATO "more than 6,000" artillery pieces capable of firing nuclear weapons, but the International Institute for Strategic Studies (IISS) (London), in *The Military Balance 1988-1989*, sets NATO artillery figures at 3,022 (Warsaw Pact, 5,598).

⁴General John R. Galvin, "Nuclear Modernization: Points for the Discussion," *International Herald Tribune* (Paris), April 18, 1989, p. 4.

⁵See *Pravda*, January 30, 1989, p. 5; text and tables; English language version, with tables, pie charts, bar charts (in color), one colored map, *Warsaw Treaty Organization and North Atlantic Treaty Organization: Correlation of Forces in Europe* (Moscow: Novosti Press Agency, 1989), pp. 3-5, 6 ff.

⁶See Marshal Akhromeev, *Pravda*, March 2, 1989, on Forces Correlation in Europe.

⁷See Army General Mikhail Moiseev, Chief of the General Staff of the Armed Forces of the USSR, First Deputy Defense Minister, *The Soviet Military Doctrine: Orientation Towards Defense* (Moscow: Novosti Press Agency, 1989), pp. 12-13.

⁸See *The Soviet Strategy Debate: Striving for Reasonable Sufficiency*, United States Army Intelligence Agency, Intelligence and Threat Analysis Center, September, 1988 (unclassified), 16 pp.

and 1990, the Soviet armed forces are to be reduced by 500,000 men (12 percent of their numerical strength); although conceivable, this "reduction" may well involve the bulk of units displaying low readiness and inferior quality. Substantial troop reductions also facilitate the removal of obsolete equipment with its costly maintenance. The number of Soviet troops in Europe, East Germany, Czechoslovakia, Poland and Hungary is also to be reduced by some 240,000 men, 10,000 tanks, 8,500 artillery systems and 820 combat aircraft. In line with these changes, the Soviet defense budget will be cut by 14.2 percent and weapons production will be reduced by 19.5 percent.

Six Soviet divisions were scheduled for withdrawal from East Germany, Czechoslovakia and Hungary, with "restructuring" in the remaining divisions resulting in the withdrawal of 5,300 tanks from these formations—40 percent of the tanks coming from the motorized rifle divisions and 20 percent from the tank divisions. The tank regiments removed from the motorized rifle divisions will be replaced by motorized rifle regiments (and here it is worth noting that a rifle regiment has 2,300 men, a tank regiment 1,600, and that rifle regiments are acquiring modern anti-tank, artillery and anti-air weapons).⁹ Inevitably and inexorably, this process has spread to the non-Soviet Warsaw Pact (NSWP) forces, with only wayward, obdurate Romania remaining aloof on the grounds that it had already (in 1987) reduced its forces to the tune of 10,000 men, 250 tanks, 130 guns and 26 combat aircraft. Bulgaria is reducing its forces by 10,000 men, 200 tanks, 200 guns and 5 "naval units," continuing a process begun in 1983 to advance professionalism and adjust the professional/conscript ratio. East German forces are also losing 10,000 men, 600 tanks and 50 combat aircraft, though East Ger-

many is retaining its six-division ground forces order of battle.¹⁰ Hungary, where the identity of the commander in chief of the armed forces seems to be a matter of doubt, is removing 9,300 men (transferring 2,000 officers and senior noncommissioned officers from disbanded units to others posts), 251 tanks, 431 guns and 9 aircraft from its military.¹¹

Poland might be considered a special case. Only in January, 1989, did it become clear that there would be a Soviet withdrawal from Poland, involving the Northern Group of Forces that would lose "several regiments and other independent units," followed by one brigade in 1990. The Polish armed forces have also shed men in order to reduce expenditure and improve efficiency. In 1988, two motor rifle divisions were disbanded, 15,000 men were demobilized and the call-up of reservists was curtailed. Two more divisions were about to be disbanded, leaving a structure of 6 divisions (2 tank, 3 motorized and one—the seventh—assigned for "coastal defense," the latter most probably the seventh Assault Landing Brigade based on the Baltic coast). The strength of the Polish army will be reduced by 25 percent; the number of combat divisions will be almost halved but a new "unified divisional structure" is taking shape; between 1989 and 1990, 850 tanks will be phased out together with 80 more aircraft (bringing the total for 1986–1990 to 274 combat aircraft).¹²

RESTRUCTURING AND DOCTRINE

Expansive though these reductions appear to be in both Soviet and non-Soviet Warsaw Pact forces, some critics eye them warily if not actually askance, concluding that the Pact is making political capital and propaganda virtue out of sheer necessity — removing the superfluous "wasteful edge" of offensive capabilities. The "restructuring" might well signify a "leaner, meaner" military force, one that is far more effective. Indeed, the transition to the corps-brigade-battalion structure (eliminating the division), introducing an army with two corps rather than four or more divisions, not only eases command and control problems at this level but also facilitates the integration of these new elements into theater commands established in the early 1980's.

With the corps as the basic "building block," not only is mobility enhanced but firepower is virtually tripled. Some two years ago, the transition to the "corps structure" was well advanced in Hungary and the Soviet Southern Group of Forces and within the Group of Soviet Forces in [East] Germany (GSFG, redesignated the Western Group of Forces on June 30, 1989).¹³ The restructured command and control system has also been implanted in the Moscow and Carpathian Military Districts in the Soviet Union proper. No less significant may be the

⁹See James Smith, "Restructuring of Tank and Motor Rifle Divisions in GSFG," *Jane's Soviet Intelligence Review*, vol. 1, no. 4 (April, 1989), pp. 154–155.

¹⁰For details, James Smith, "East German Army Cuts—A Positive Move to Disarm or a Necessary Re-organization?" *Jane's Soviet Intelligence Review*, vol. 1, no. 3 (March, 1989), pp. 98–101, order of battle map, diagram.

¹¹For overall figures and analysis, see Douglas Clarke, "Warsaw Pact Arms Cuts," Radio Free Europe, RAD Background Report 32, dated February 22, 1989.

¹²General Florian Siwicki, Polish Defense Minister, stated on January 3, 1989, that defense expenditure for 1989 was planned at 954 billion zloty, reducing the defense proportion of national income to 3.6 percent (3.8 percent in 1988), a cut in real terms of 4 percent. On the military restructuring, see Henry Dodds, "Perestroika in the Polish Army," *Jane's Soviet Intelligence Review*, vol. 1, no. 7 (July, 1989), pp. 290–292.

¹³The Hungarian Army has gone over to a corps structure, while the Soviet Southern Group of Forces, having removed one tank division based at Veszprem, has restructured the three remaining divisions to form a corps, increasing firepower and mobility.

suitability of the corps-brigade structure for improving integration within the Combined Armed Forces (CAF) of the Warsaw Pact, furnishing forces able to support Soviet operations but posing no substantial threat in themselves, a prudent consideration. Above all, however, the "restructuring," coupled with the removal of obsolete equipment, does nothing to inhibit Soviet ability to conduct a high-speed, deep-penetration offensive battle.

Here we come to the crux of the "central security problem in Europe," the elimination of the risk of surprise attack, the reduction of capabilities for large-scale offensive action and the inducement of "conventional stability," given the incontrovertible superiority of the Warsaw Pact in land and air forces, a threefold superiority in tanks and artillery pieces and a fivefold advantage in armored infantry fighting vehicles (AIFV's), coupled with the Soviet forward deployment of forces that are well equipped, logistically sustained and sustainable and in a high readiness state.¹⁴ For 14 years, previous negotiation on conventional forces in Europe—the MBFR negotiations—dragged on without result, concerned primarily with numbers of troops that could hardly be regarded as a component of "military capability" in the round and much less as the route to "parity." And what was ominously missing from any East-West compact was the term "balanced," compounded by the stubborn Eastern refusal to recognize any "imbalance." Perhaps it is admissible to say that the MBFR talks accomplished at least one purpose, the retention of American troops in Europe as an acceptable alternative to a marked expansion of West German armed forces.

Now the scene has changed, given the circumstances of the negotiations on conventional armed forces in Europe (CFE), which opened in Vienna on March 9, 1989. These negotiations paralleled the proceedings that dealt with confidence- and security-building measures (CSBM's) in Europe, which in turn will continue the work of the Stockholm Conference that drew to a close in 1986. Indeed, these new negotiations will be linked as a whole to the proceedings and commitments of the Conference on Security and Cooperation in Europe (CSCE), which convened in Vienna from November, 1986, to January, 1989, embracing all 35 European nations (except Albania) and including both the United States and Canada.¹⁵ At the insistence of France, the CFE negotiations will

not be on a restrictive bloc-to-bloc basis, even though the substance of the exchanges revolves around the military capabilities of the two alliance systems.

Two years of work have gone into formulating the CFE mandate, linked with the CSCE monitoring meetings. In place of a somewhat jaded diplomacy, the CFE negotiations at least promise a new approach with a mandate that specifically identifies the "elimination as a matter of priority of the capability for launching surprise attack" as an objective, coupled with an insistence on "an effective and strict verification regime which . . . will include on-site inspection as a matter of right." In addition, the CFE process covers the conventional potential of the whole of Europe rather than individual areas, where "conventional" is taken to mean land-based conventional arms and equipment in European territory reaching from the Atlantic to the Urals. Explicitly excluded are naval forces, and chemical and nuclear weapons, though this does not preclude the discussion of dual-capable weapons. The exchange of information occupies special prominence in the mandate, which stipulates that it should be "in sufficient detail" to allow "meaningful comparison" and to permit "verification of compliance." Agreements reached are to be internationally binding.

NATO's position, elaborated by the High-Level Task Force (HLTF) and announced on December 8, 1988, proposed advancing toward "stability" step by step in view of the complexity of the problems involved. In the first instance, attention would focus on those systems—main battle tanks, artillery and armored infantry vehicles—that constitute the greatest destabilizing elements, suggesting numerical ceilings for those same categories, equal for both sides. Those ceilings outlined an upper limit of 40,000 battle tanks (20,000 for each side), 16,500 artillery pieces for each, 28,000 armored personnel carriers of which not more than 12,000 could be armored infantry fighting vehicles (AIFV's).¹⁶ In a somewhat tortuous amplification, it was also suggested that no country could exceed a "certain percentage"—30 percent of the total holdings of all the participating states, a rider no doubt included to dispel suspicions that these were bloc-to-bloc negotiations and to mollify the French.

Preceding NATO's December declaration by one day, Soviet President Mikhail S. Gorbachev in his
(Continued on page 398)

¹⁴Statement on the Defense Estimates, 1989, London, Her Majesty's Stationery Office, vol. 1, Chapter Two, "Arms Control," pp. 6-7, and Chapter Six, "The Balance," pp. 45-52, text and tables.

¹⁵See Ambassador Rudiger Hartmann, Head of the West German Delegation to CFE, "The CFE Negotiations—a Promising Start," *NATO Review*, vol. 37, no. 3 (June, 1989), pp. 8-9.

¹⁶Ibid.

John Erickson is the author of several historical monographs and analytical studies on the Soviet armed forces and Soviet military policy. At present, he is completing *Blood, Bread and Steel: Soviet Society at War, 1941-1945* (New Haven: Yale University Press, forthcoming).

In Poland, "future developments . . . will depend less on foreign economic aid than on the willingness of the population to accept austerity and to implement long-range economic reform," writes this author, who concludes that "Poland [is] faced with the basic question in the title of this article."

Poland: Renewal or Stagnation?

BY RICHARD F. STAAR

Coordinator, International Studies Program, Hoover Institution on War, Revolution and Peace

DURING 1987–1988, the Communist regime in Poland seemed to be headed toward total economic and political collapse.¹ Six years earlier, on December 13, 1981, a military junta under General of the Army Wojciech Jaruzelski had proclaimed martial law. It proceeded immediately to crush the independent ten-million-member Solidarity (*Solidarność*) trade union and social movement that posed a substantive challenge to the authoritarian Polish government. Although the state of emergency was lifted 30 months later, economic reforms remained unsuccessful: inflation more than doubled prices during 1988, and the foreign debt continued to grow. When waves of strikes paralyzed Poland in August, 1988, the Jaruzelski regime suddenly realized that it had no choice but to begin talks with the opposition.

Two months of so-called roundtable talks resulted in promises by Polish authorities to legalize Solidarity and its related rural organization and to hold semi-free elections. Workers who had lost their jobs during martial law because of free labor union activities would be reinstated. In addition, Solidarity won the right to broadcast its views each week for 30 minutes on television and one hour over the radio, both state-operated media outlets. It was also allowed to print one national daily, *Gazeta wyborcza* (Electoral Gazette), one weekly, *Tygodnik Solidarność*, and regional newspapers as official organs of the opposition.

Elections to the 460-member *Sejm* (lower house of Parliament) on June 4 and 18, 1989, were structured to allow the opposition 35 percent of the seats, with the remainder allocated in advance to the Communists and their client parties. (See Table 1.) A new upper chamber, with 100 senators, did not

have the foregoing membership restriction, and it was assumed that the vast majority of seats would be controlled by Solidarity. Legislation will be initiated by the *Sejm*, although the Senate can exercise a veto. An override would require a two-thirds vote in the lower chamber. The new office of the presidency is occupied by General Jaruzelski, elected on July 19, 1989, to six years in office by the minimum 270 votes at a joint session of the legislature. An individual can serve only two terms as President.

In exchange for allowing a legal opposition and insisting on its participation in economic reforms, the April 5 agreement obligates Solidarity to discourage unrest (strikes and demonstrations) and to assist the government in resolving crippling national problems that undermine the country's stability. These problems include inflation, shortages and industrial obsolescence.

Three different documents were signed, dealing with trade union pluralism; socioeconomic policy and systemic change; and political reforms. General of the Army Czesław Kiszczak, a Politburo member and interior minister who headed the government side at the negotiations, ended his speech on the final day of talks by stressing the co-responsibility of those present for future developments in Poland. *Solidarność* leader Lech Wałęsa began his comments by repeating the slogan, "There is no freedom without Solidarity," a play on words and still a concise assessment of popular feelings.²

In order to achieve success in the roundtable negotiations, General Jaruzelski had purged the Politburo at the tenth plenary Central Committee session of the Polish United Workers' (Communist) party (PZPR-*Polska Zjednoczona Partia Robotnicza*), which met during December 20 and 21, 1988, in Warsaw.³ A second purge took place on July 30, 1989, when Jaruzelski himself and four other Politburo members resigned from that body. The new PZPR First Secretary is the former Prime Minister, Mieczysław F. Rakowski, chosen by a vote of 171 to 41 by the Central Committee. Eleven of the 15 full members were recently elected to this policy-

¹The author wishes to thank Andrew A. Michta, Arthur R. Rachwald, Maciej Siekierski and Jan B. de Weydenthal for commenting on a draft of this article. None of them is responsible for the final version.

²"Signing of Final Documents," *Trybuna ludu* (Warsaw), April 6, 1989, pp. 3–4. The full text of the agreement did not appear until May 7, 1989, pp. 3–5, in this same newspaper.

³*Trybuna ludu*, December 21 and 22, 1988. Page 2 in the latter issue carries biographies of the eight new Politburo members.

making organ, which now includes two women; only four individuals have been members since 1986 or 1987.⁴ Six come from a rural background, another six had an urban working class origin, and three claim to have been brought up by parents from the intelligentsia. It is this small group that will make basic political and economic decisions until the eleventh PZPR congress in mid-1991, unless this eleventh congress meeting takes place earlier. The current Politburo appears to be more liberal and pragmatic than any of its recent predecessors, although the two province party secretaries are reputedly hard-liners.

One should not assume, however, that this body has any more authority than General Jaruzelski, as the new powerful President and commander in chief, will allow it to exercise. The extraordinary turnover in Politburo membership over the past two years suggests that individuals serve only as long as the former First Secretary finds them useful. Furthermore, military controls established in December, 1981, under martial law have not been fully dismantled, and it is through this army structure that General Jaruzelski continues to exercise power.⁵

The general probably would not have undertaken the course he has embarked on without explicit approval from the Soviet leadership. According to an official Polish government press spokesman,

M.S. Gorbachev has played a very great personal role in the changes taking place in Poland. His recent visit [to Warsaw during July 11–16, 1988], in particular, influenced the change of political line among a considerable section of the opposition [in the PZPR].

Soviet President Mikhail Gorbachev had praised

⁴For information on Politburo members, as of August, 1989, see Juliusz Stroykowski, ed., *Who's Who in the Socialist Countries of Europe* (Munich: K.G. Saur, 1989) and United States Central Intelligence Agency, *Directory of Polish Officials* (Washington, D.C.: Directorate of Intelligence, April, 1989).

⁵See Arthur R. Rachwald, "Poland," in R.F. Staar, ed., *1989 Yearbook on International Communist Affairs* (Stanford: Hoover Institution Press, 1989), pp. 335–347.

⁶G. Charodeiev, "Poland: Real Breakthrough in Politics," *Izvestia*, January 25, 1989, p. 4. The second quotation comes from the *Washington Post*, July 15, 1988. Both leaders also met at the Warsaw Pact conference in Bucharest, according to *Pravda*, July 8, 1989, p. 1.

⁷"Tenth Plenum Theses," *Trybuna ludu*, December 17–18, 1988, supplement.

⁸The International Institute for Strategic Studies, *The Military Balance, 1988–1989* (London: International Institute for Strategic Studies, 1988), pp. 50–52.

⁹"Changes in the Polish Army" (interview with the defense minister, General of the Army Florian Siwicki), *Trybuna ludu*, January 4, 1989, p. 3.

¹⁰*Krasnaya zvezda* [Red star] (Moscow), February 10, 1989, pp. 1–2.

the general earlier to Polish television viewers for having initiated "reforms" during 1980–1981 and claimed that Poland was "fortunate at this stage in history to have a leader like Jaruzelski."⁶

The basis for the new party line appears in theses adopted by the tenth plenary session of the Central Committee. Members called for a thorough reform of the PZPR that must address two basic problems: changes in authority and changes in property relations. "The convergence between and common rhythm of the Polish renewal [*odnowa*] and Soviet reconstruction [*perestroika*] are providing greater reformist energy and are permitting a joint search for the best solutions."⁷ This statement suggests how closely efforts in Poland are tied in with the Soviet domestic agenda. The one-hour meeting on April 18, 1989, between President Jaruzelski and Lech Wałęsa, as well as their handshake, did not change that reality.

Poland's military establishment is the largest of all Warsaw Treaty Organization (WTO) member states, except for the Soviet Union, contributing about 400,000 active duty personnel and almost half a million trained reservists. While defense expenditures in the Soviet bloc are difficult to establish, Western estimates suggest that the Polish regime has continued to spend at most 6 percent of its gross national product (GNP) for this purpose over the past several years. A slight increase in defense spending occurred in 1988 to pay for additional air force equipment.⁸

Today, the Polish People's Army is in the midst of an organizational reform, as part of current WTO restructuring. Defense Minister and General of the Army Florian Siwicki announced a cut in defense spending of 4 percent by the end of 1989, with substantial reductions to follow during the 1990's.⁹ According to General Siwicki, the combat readiness of two motorized divisions has already been downgraded, reducing personnel by 15,000 men. The Polish People's Army reportedly is also in the process of changing the organizational structure of other divisions.

Proposed reductions are to conform with the overall alleged change in WTO military doctrine, i.e., toward a "defensive strategy and reasonable sufficiency," as announced in January, 1989, by Gorbachev and repeated the following month by the chief of his general staff, Colonel General M.A. Moiseev.¹⁰ However, in the same article, Moiseev insisted that the imperialist threat from the United States is as strong as ever. Siwicki had emphasized that the alleged West German threat to Poland's security remained undiminished, and he warned in the interview cited above that changes in the structure of the armed forces could still be reversed.

The Polish People's Army, or more precisely its

Table 1: PARLIAMENTARY ELECTIONS, 1980-1989

Party or Group in the <i>Sejm</i>	Seats Won					
	1980		1985		1989	
	Seats	Percent	Seats	Percent	Seats	Percent
Polish United Workers' party	261	56.8	245	53.3	173	37.5
United Peasant party	113	24.6	106	23.0	76	16.5
Democratic party	37	8.0	35	7.6	27	6.0
Nonparty	36	10.6	74	16.1	23	5.0
Catholic activists (PAX, PZKS, UChS)*	13					
Solidarity	—	—	—	—	161	35.0
Total	460	100.0	460	100.0	460	100.0

Sources: *Polska: dane statystyczne* (Warsaw, 1987), p. 19; *Trybuna ludu*, June 21, 1989, pp. 3-7.

*Note: PAX — Association for Peace

PZKS — Polish Catholic Social Union

UChS — Christian Social Union

All three organizations are members of the regime-sponsored front PRON (Patriotic Movement for National Rebirth).

Table 2: REAL GNP GROWTH (1971-1988)

1971-1988 GNP Growth (percent change)						National Income	
1971-75	1976-80	1981-85	1986	1987	1989	(in billions of dollars)	(percent change)
6.5	0.7	0.6	2.8	-2.5	1.9	\$6,930 (1986)	2.3 (1986)

Sources: United States Central Intelligence Agency, *Handbook of Economic Statistics, 1988* (Washington, D.C., September, 1988), CPAS 88-10001, Table 9, p. 33; *Rzeczpospolita [The Republic]*, January 27, 1989.

senior officers' corps, continues to represent Jaruzelski's main power base. Since the end of 1981, key government positions have been staffed with the commander in chief's army cronies, including his choice for Prime Minister, General of the Army Czeslaw Kiszczak, and Defense Minister Siwicki. Although the regime can still count on the support of the senior military officers, there is growing evidence that the use of the army under martial law to suppress Solidarity seriously weakened morale and threw the junior cadres into considerable turmoil. This once again raises questions

about the army's reliability within WTO.

An underground samizdat publication called *Reduta* (The Redoubt), published by former officers and targeted at the armed forces, has been circulating inside the military. Although *Reduta* was suppressed in 1983, the same mission has been continued by another underground publication, entitled *Honor i ojczyzna* (Honor and Fatherland). First appearing in 1988, the publication's declared objective is to reevaluate the army's role in domestic politics and enlist support for democratic change in Poland.¹¹

The prestige of the army has also declined dramatically, as a result of the military's role after the 1980-1981 crisis. The following year, a powerful grass-roots draft resistance and peace movement

¹¹For discussion of the turmoil in the armed forces during the 1980's, see Andrew A. Michta, *Red Eagle: The Army in Polish Politics, 1944-1988* (Stanford: Hoover Institution Press, 1989).

emerged, led by the organization *Wolność i pokój* (Freedom and Peace). This mass movement, which has its strongest support base among the youth, forced the regime to adopt a law in 1988 allowing conscientious objectors to perform alternative community service.

The morale and the low social standing of the Polish People's Army are not likely to be improved quickly, in particular because of Gorbachev's "peace offensive," which aims at a general relaxation of tensions between the two Europes. Although the army remains the defender of Communist power in Poland, the regime may be reluctant to employ it against the population should the country again face a serious wave of popular discontent.

ECONOMIC PROBLEMS

Various plans for reform have been adopted since the beginning of the 1980's, the most recent in the autumn of 1987. That program contained almost 200 provisions, with short-range guidelines applied to 1989–1990 and long-term provisions for 1990–1995, when conditions are supposed to improve with regard to food supplies and housing. However, blocking wage increases and raising prices resulted in an inflation rate of 120 percent during 1988, despite the promise of equal treatment for all three economic sectors: state, cooperative, and private.¹² Reforms cannot possibly succeed when a large percentage of industry remains exempt from reform, because such factories supply the Warsaw Pact's military machine. Only the private sector can slow a rapidly declining standard of living. However, in mid-1989 the private sector accounted for between 5 percent and 10 percent of the national income. (See Table 2.)

In keeping with then Prime Minister Rakowski's "freedom, equality, competitiveness" slogan, two new laws went into effect on January 1, 1989, which were designed to stimulate the economy. One allows any private business, not legally prohibited, to be organized without official authorization. The other law liberalizes foreign investment which, although it has been permitted since 1986 on a restricted basis, brought only about 50 companies

into joint ventures from abroad. Subsequent legislation lifted a 40-year ban on possession of foreign currency, which can be bought and sold openly. This change is part of a larger, long-range and perhaps unduly optimistic effort to make the zloty convertible. During the first half of 1989, the currency was devalued eight times. The discrepancy between the official rate of exchange and what the local currency is worth on the black market is illustrated by the fact that the PKO (*Powszechna Kasa Oszczędności*) or general savings bank in Warsaw was paying 5,800 zlotys per dollar in mid-July, 1989, or ten times the official exchange rate of 570 zlotys for tourists.¹³

The budget deficit in 1989 was expected to total more than one trillion zlotys, swollen by government subsidies that total 954 billion zlotys for milk and dairy products alone (almost exactly equal to official defense spending). The problem is complicated by a foreign currency debt of \$1.5 billion to the Soviet Union (out of about \$6 billion to all Communist-ruled countries), which has been rescheduled until 1995. This is not the first official admission that the Soviet Union had lent hard currency to Poland.¹⁴

Much more publicity has been given to the foreign debt of more than \$39 billion owed by Poland to the West, three-fourths to governments and the rest to commercial banks. With the lowest per capita export earnings in all of Europe and an obsolescent industrial base, Poland has been dependent on new loans and rescheduling even for the annual interest of about 10 percent on the principal. This required payment of \$3.9 billion each year results in a debt-service ratio (interest and amortization payments, expressed as a percentage of one year's exports) of 36, the highest in East Europe.¹⁵ By rejoining the International Monetary Fund (IMF) in 1986, from which it had resigned 35 years earlier, the Polish regime hopes to obtain loans from that agency.

THE CHURCH

For its role as mediator between the regime and the opposition, the Roman Catholic Church has been praised by both sides. It also received legal status by act of the *Sejm*, the basis for which had been worked out over a period of more than eight years by a joint government-episcopate commis-

(Continued on page 405)

¹²Louisa Vinton, "New Polish Reform," *Soviet East European Report* (Washington, D.C.), vol. 6, no. 9 (December 20, 1988), pp. 1–2.

¹³"Poland Eases Business Rules," *The New York Times* (NYT), December 26, 1988, and "Poland Shifts on Currency," *ibid.*, March 16, 1989. See also Janusz Glowacki, "Warsaw Scenes," *NYT Magazine*, July 30, 1989, pp. 20–22.

¹⁴Interview with General Siwicki, *op. cit.*, in note 8; "Diplomacy at a Time of Change" (interview with Foreign Minister Tadeusz Olechowski), *Zycie warszawy*, December 23–26, 1988, pp. 1, 10.

¹⁵John Tagliabue, "Solidarity Plans to Join Regime in Asking Debt Aid," *NYT*, March 3, 1989.

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"We are undoubtedly witnessing a slow disintegration of the Soviet empire. . . . This development, however, has not changed the fact that the 'socialist commonwealth' continues to operate and decide the most vital national security issues of the East European states."

Soviet-East European Relations

BY ARTHUR R. RACHWALD

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SOVIET interest in the eastern regions of Europe dates back to the time of Russian czar Peter the Great (1682-1725) and his policy of "opening a window" to the West through the conquest of new territories and hegemony over East Europe. Subsequently, Russian leaders and Communist party officials have viewed control over Poland, Finland and the Baltic states as integral to their European empire and as a barrier against the military and ideological influence of the West. East Europe, in traditional Russian strategic calculations, can serve either as an extension of Russian leverage or as a platform for the Western threat against Russia. All nations from Finland to Greece are regarded as areas of permanent political weakness and economic instability that must be controlled from the outside and guarded against unfriendly powers.

The security system established by the Congress of Vienna (1815) at the end of the Napoleonic Wars first recognized the Russian presence in East Europe. The imperial possessions of the czars extended over Finland and Poland, while the central and southern flanks of the regions were left in Austrian hands. Russian pressure in Bulgaria and Serbia was not strong enough to include these nations in a sphere of influence. The Treaty of Versailles concluding World War I (1918) envisioned the restoration of sovereignty to East European nations, linking their security to France or Great Britain. The Bolshevik authorities in Moscow reacted violently to the prospect of isolation from the European political and economic system, and promptly invaded Poland to regain direct access to Germany. The Soviet defeat in August, 1920, in Warsaw terminated Lenin's dream of world revolution and forced the Soviet Union to pursue isolationist policies of socialism in one country and to suffer capitalist encirclement.

The threat of Nazis in Germany forced the Soviet Union to react to their new anti-Communist threat. The Soviet Union signed nonaggression pacts with Poland and France, and joined the League of Nations. However, in 1939, Moscow detected an op-

portunity to substitute international law for physical presence in East Europe. Soviet leaders entered into secret agreement with Nazi Germany. The partition of Poland and the invasion of the Baltic states, Finland and Romania followed.

The diplomatic and military objectives of Moscow during World War II focused on permanent Soviet domination of East Europe. Lack of American interest in this area was conveyed to Stalin by United States President Franklin D. Roosevelt during the Big Three's conference in Yalta in 1945. Roosevelt's interests in Poland did not reach beyond American internal considerations, like support from the Polish-American voters. Without serious objectives, the United States agreed to territorial changes identical to those created by the Nazi German-Soviet pact and decided to go along with the idea of "free and unfettered" elections without international supervision. In the two years following the end of World War II, East Europe was converted into a Soviet sphere of influence. Only Greece and Finland escaped the forceful trauma of sovietization. Yugoslavia evaded Stalinism, but fell under a home-grown form of Communist totalitarianism.

The prospect of nuclear confrontation with the United States failed to deter Moscow from pursuing imperial policies in East Europe. Soviet motives included military and political concerns, economic advantages and legitimacy for Marxist-Leninist views. Moscow's hegemony over East Europe became the main source of global status for the Soviet state. The satellite countries served as evidence of the universal applicability of Marxism-Leninism and elevated the Soviet Union to the status of a global superpower. For these reasons, Soviet leaders were willing to risk World War III to preserve their holdings in East Europe.

The challenge to Soviet domination over the nations of East Europe was inspired by the national aspirations of people who objected to Moscow's heavy-handed policies. Yugoslavian Titoism in 1948 was followed by the Hungarian search for neutrality between the East and West, and Poland's

"national road to socialism" in 1956, Czechoslovakian "socialism with a human face" in 1968 and the Polish labor union, Solidarity, in 1980. Classical Russian imperialism disguised as Communist universalism was on a collision course with the nationalism of East European peoples.

Soviet responses included various forms of intimidation, direct control over the satellite Communist parties and, on several occasions, military invasions. Clear limits to Soviet tolerance for dissent were established by the so-called Brezhnev Doctrine, which proclaimed Moscow's right to interfere with the domestic affairs of its East European allies if they tampered either with the absolute power of the ruling Communist party or with their membership in the Warsaw Pact. Exclusive Soviet rights in this region were never accepted, but neither were they contested by Western powers.

In the 1970's, faced with the Soviet Union's inability to create stable economic development in East Europe, the United States responded with the so-called Sonnenfeldt Doctrine.* This policy called for Western economic assistance to the Communist regimes in East Europe as a necessary supplement to inefficient Soviet domination. However, Communist governments mismanaged the large amounts of untied loans delivered by Western countries. Instead of engendering stability, the West magnified social problems in East Europe.

Polish society responded by establishing the independent trade union Solidarity, the first of its kind in the Communist bloc. Solidarity presented a formidable challenge to the legitimacy of a Soviet-like system, since its very existence undermined the Communist claim of being the sole representative of the working class. The Brezhnev Doctrine was applied again, this time in the form of martial law imposed by Polish military authorities in December, 1981, but its effectiveness was limited. Only the organizational structure of Solidarity was preserved, and social and economic difficulties continued.

After President Leonid Brezhnev's death in 1982, the Soviet leadership undertook a thorough re-examination of its foreign policy. A close look at the East European countries revealed deep ideological, social and economic differences among the satellite nations. Ideological conformity had disappeared and could not be restored at any sensible price. The allies were pursuing their own internal policies independent of Moscow, arguing that any other sociopolitical course would provoke a catastrophic social explosion. Moscow's main concern switched from ideological conformity to stability. The

revolutionary objectives of older Communist leaders were replaced by the sometimes desperate policies of status quo. Consequently, the strategic utility of East Europe for the Soviet Union markedly declined. Ridden by countless problems, the satellite nations became an embarrassment and a drain on Soviet economic resources.

Moreover, with the ascent to power of Soviet President Mikhail Gorbachev in 1985, Soviet leaders realized the enormity of the problems facing their own state. The social and economic reforms adopted by Moscow to alleviate Soviet difficulties alienated some ideologically hard-liners in East Europe, contributing to the centrifugal forces undermining the "socialist commonwealth of nations." Finally, Moscow had come to realize the need for a new system for the Soviet bloc. Conformity with the principles of Marxism-Leninism could no longer be reconciled with the goal of political stability in East Europe. Moscow either had to allow its allies to pursue their own domestic political and economic systems or had to apply the Brezhnev Doctrine in order to control all political trends within the bloc. A sense of realism prevailed, and the new Soviet leadership adopted a policy that gave the East European states a virtually free hand in domestic affairs. Stability and diversity rather than ideological conformity provided the keys to Gorbachev's empire.

THE GORBACHEV DOCTRINE

Evolution toward the Gorbachev Doctrine began with an endorsement of Brezhnev's views. Speaking at the tenth congress of the Polish Communist party in June, 1986, Gorbachev repeated his country's commitment to protect Marxist-Leninist regimes in East Europe. The "socialist gains are irreversible," declared the Soviet leader, and

to threaten the socialist order, try to undermine it from the outside and tear one country or another from the socialist community means encroachment not only on the will of the people, but also on the entire post-war order and, in the final analysis, on peace.¹

Eventually, Gorbachev's "new thinking" on Soviet foreign policy convinced him that he had to soften the old approach. Soviet leaders may have concluded that excessive engagement in East European affairs was counterproductive and adverse to Moscow's global interests. Moreover, it is likely that the Soviet leaders downgraded the overall importance of East Europe. Under present conditions, the international standing of any country is no longer determined by its colonial possessions but by the performance of its economy. In this respect, East Europe has become a dubious asset.

The Soviet economy is handicapped by subsidies

*Named for United States State Department official Helmut Sonnenfeldt.

¹Foreign Broadcast Information Service, *East Europe Daily Report* (cited as FBIS-EEU), July 1, 1986.

to Poland and by the police actions of the Soviet military against its allies. Economic links with the countries of West Europe, the United States and Japan are critical for the Soviet Union's rank as a superpower in the next century. Geostrategic realities give the majority of East European nations no alternative but to maintain close security links with Moscow. Domestic changes taking place within the region will not jeopardize the Soviet position in Europe, but will substantially reduce the cost of the empire.

The first public pronouncement of Soviet flexibility toward alternative forms of socialism came during Gorbachev's March, 1988, visit to Yugoslavia. In a joint declaration concluding the trip, the Soviet leaders stated that they have "no pretensions of imposing their concept of social development on anyone," and pledged to oppose the use of or the threat to use force, or any other form of "interference in the internal affairs of other states under any pretext whatsoever." The document concluded with an affirmation of the right of the nations to decide "their own roads of social development" and to "equal rights and equal security."²

This Soviet statement was welcomed, but it fell short of an unequivocal denouncement of the Brezhnev Doctrine. In addition, the two previous Yugoslav-Soviet declarations containing similar clauses had failed to stop Soviet tanks from rolling into Hungary in 1956 and Czechoslovakia in 1968. Nevertheless, the Soviet leaders were given the benefit of the doubt until they more explicitly refuted the limited sovereignty doctrine, as expressed by a spokesman of the Soviet government, who called for a "harmonious development of true good-neighborliness . . . free from dictate, pressure, and interference in each other's internal affairs."³

The strongest and the most authoritative reference to the new foreign policy course came from Gorbachev himself during his address to the Council of Europe in Strasbourg in July, 1989. "Any interference in domestic affairs," said Gorbachev, "and any attempts to restrict the sovereignty of states, both friends and allies or any others, are inadmissible."⁴

So far, the extent of the Gorbachev Doctrine has never been tested in practice and the limits of Soviet tolerance are unknown. It appears that Moscow has no major objections either to political pluralism in

Poland and Hungary or to the ideological orthodoxy of Romania and East Germany. Socio-economic difficulties within the Soviet bloc make it more and more necessary to respect the freedom of choice exhibited by various regimes in exercising new methods of political power and restructuring their economy. The Soviet leaders, however, have left it unclear whether in their search for new socio-economic forms the East European regimes could depart from socialism to the point of rendering the Communist party politically irrelevant, or declaring neutrality between the East and West.

At this writing, it would be logical to conclude that the Gorbachev Doctrine is just a revised Brezhnev Doctrine, since it allows only for semi-free elections that would guarantee Communist control in matters of internal and external security. There is no reason to believe that Moscow will permit the East Europeans to pursue their own foreign policy.⁵

Limits on domestic reforms may actually be far narrower than some countries expect. Moscow has never ceased talking about socialist countries and the need to replace the old orthodox form of socialism with its updated and progressive form, which would include some elements of political and economic structures adopted from Western democracies. There is no indication that any ruling Communist party is preparing to move in opposition to this doctrine. At the recent conference of secretaries from the Central Committees of Communist states held in June, 1989, participants "exchanged opinions and experience on the composition of their parties and their quantitative and qualitative growth with the aim of promoting the steady enhancement of [their] role as the political vanguard in building socialism."⁶

The old ambition of political monopoly and self-perception as a vanguard is still alive. Communists are prepared for tactical compromises and the replacement of an old facade with a new one as long as the essentials of power are firmly in their hands. The Gorbachev Doctrine may represent much more continuity than change in the Soviet approach to the East European nations. Like Brezhnev, the current Soviet leadership is preoccupied with finding a workable method to perpetuate the Soviet empire and the two pillars of Soviet domination—the Communist party and the pro-Soviet orientation of foreign policy.

UNITY IN DIVERSITY

Gorbachev's empire is based on diversity, ranging from semi-free elections in Poland to the most orthodox Stalinist policies in Romania. A successful outcome of the February, 1989, "roundtable" talks in Poland between the Communist authorities and the political opposition produced a new social con-

²*The New York Times*, March 19, 1988.

³"East-West Relations and Eastern Europe: The Soviet Perspective," *Problems of Communism*, vol. 37, no. 3-4 (May-August, 1988), p. 62.

⁴*The Economist* (London), July 15, 1989.

⁵R. Judson Mitchell, "Union of Soviet Socialist Republics," in Richard F. Staar, ed., *1989 Yearbook on International Communist Affairs* (Stanford: Hoover Institution Press, 1989), p. 393.

⁶*Pravda*, June 6, 1989.

tract that envisions the coexistence of Western-like political institutions and a market-oriented economy together with the old Communist party. A crushing defeat of the Communists at the polls was prevented by an agreement guaranteeing the Communists 65 percent of the seats in the lower chamber of the new bicameral Parliament. The party was willing to trade some of its decision-making functions in areas unrelated to internal or external security in exchange for Solidarity's cooperation in the effort to overcome the social and economic crisis. The newly created office of the President was taken over by General Wojciech Jaruzelski, while two of his closest supporters (Mieczyslaw Rakowski and Czeslaw Kiszczak) were designated for the positions of General Secretary and Prime Minister.**

While Poland is moving away from socialism, Romania is still building socialism the Stalinist way. Power is concentrated in the hands of General Secretary Nicolae Ceausescu and his family, who control key positions in the party, the government and the military. Unlike Poland and Hungary, which enthusiastically support Gorbachev's leadership and the Soviet economic reforms, the Romanian party drives toward "pure" socialism free of all elements of democracy and capitalism. Romanian peasants are forced to abandon their villages and to join so-called agro-industrial centers, and the regime still hopes to engineer the "new socialist man." Romanian leaders have equated Soviet policies with an

urge...to go back to a world of inequality, of plunder, of oppression. We have known for hundreds of years which one hundred [years] are in capitalism. This is why we have declared that for us the prospects of such a path belong to the past. Capitalism has been done away with once and for all in Romania. With us, the people are the true masters and will forever be the masters of their destiny, of their riches.⁷

Destalinization has yet to arrive in Romania.

Major international problems facing the Romanian leadership involve the rough treatment of ethnic minorities, especially Hungarians. Tensions between these two Warsaw Pact countries are running high, as thousands of Hungarians living in Romania illegally cross the border in the hope of a better life in Hungary. After dismantling the iron curtain along the Austro-Hungarian border, East Germany imposed travel restrictions on visits of its citizens to Hungary. An open border to the West

provided East Germans with an easy escape. Moscow is now confronted with a whole array of problems involving its satellites. These issues receive full public attention and Soviet leaders are reluctant to act as mediators. Disunity among the Warsaw Pact allies facilitates Soviet hegemony over the entire region.

The cohesiveness of the Soviet bloc is preserved by the Warsaw Pact. "New thinking" in the pact has been confined to some reduction in manpower and outdated equipment, in exchange for enhanced firepower attained through modernization. The political Consultative Committee of the pact continues to act as a supernational government dominated by the Soviet Union. Political and economic changes taking place in the East European states and in the Soviet Union have no negative effect on either the pact's military strength or the Soviet Union's ability to direct the national security affairs of the bloc. Only minor cases of dissent from Soviet control have been reported, like the Polish refusal to stockpile Soviet weapons on Poland's soil.

We are undoubtedly witnessing a slow disintegration of the Soviet empire. Old goals of integrating nationalities into one socialist nation, and the idea of one economic system and one political order have been forgotten. Nationalism has prevailed over the Soviet ideas of universalism and the nations of East Europe have retained their national identities. These developments, however, have not changed the fact that the "socialist commonwealth" continues to operate and decide the most vital national security issues of the East European states. Moscow's tolerance is unprecedented, suggesting even the possibility of the "neutralization" of Hungary, but without Hungary's withdrawal from the Warsaw Pact.

Consequently, there is still a potential for "counterrevolution" in East Europe and for this reason the Brezhnev Doctrine is still in the background of East European policies. In East Europe, freedom from the Soviet Union has a long way to go. Most recently, Moscow made a reference to the future of the socialist system, wherein the Communist party will "creatively apply the principles of scientific socialism" and promote the "steady enhancement of its role as the political vanguard."⁸

Under the Gorbachev Doctrine, Soviet attention has been moving away from the maintenance of

(Continued on page 408)

**For an updated account of events in Poland, see the article by Richard Staar in this issue.

⁷"President Nicolae Ceausescu on International Issues," AGEPRES (Bucharest), July 13, 1989, in FBIS-EEU, July 17, 1989.

⁸*Pravda*, June 9, 1989.

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In Hungary, the state "has been driven to the brink of economic disaster; the transformation of political life into a Western, market-based, democratic, pluralist system remains the only hope of avoiding total collapse. . . . However, most Hungarians are not convinced that they should place their hopes in such a transformation."

Hungary: Dancing in the Shackles of the Past

BY IVAN VOLGYES

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THE scene was surreal. A few days earlier, Lenin's statue was hanging on a noose, hoisted by its neck and removed for unspecified "repairs." Nearby, in Budapest's Heroes' Square, the Museum of Applied Arts was draped in black flags, with huge torches lit next to the coffins that contained the exhumed bodies of the martyrs of the revolution of 1956. Thirty-one years after their murder at the hands of Hungarian Socialist Workers party (HSWP) leader Janos Kadar's thugs, Imre Nagy and his fallen comrades were given a decent funeral. On June 16, 1989, a nation was grieving.

Watching the emotional funeral, it was clear that the nation wanted to come to grips with its troubled past. Five coffins draped in black contained the remains of the betrayed and murdered leaders of the revolution; the empty sixth coffin symbolized the unknown martyrs.

The scene would have been unimaginable in 1988, when the "apparatus coup" brought Janos Kadar's 32-year rule to an end.¹ Yet the glacial pace of change to which Hungarians (and the world observing Hungary) were so accustomed during the Kadar era had been replaced by a dynamism that was notable in every aspect of life. In a year's time, the leading Communist party, the HSWP, had lost its monolithic position and had nearly disintegrated; Karoly Grosz, the leader of the May, 1988, apparatus coup, had been disgraced before an angry population; the leading reformers had rejected "socialism" as the panacea for Hungary's problems; a multi-party system was being born; and an astonished world watched as democracy and the free

market slowly began to emerge in this troubled land.

There were, of course, discordant notes. In addition to the heroes and martyrs of the revolution, alongside the survivors and relatives of those murdered beneath the flags of the revolution—with the hated red star cut out just as it was in 1956—stood the representatives of a party and a government, in whose names those in the coffins had been executed. The government honor guard represented a new leadership that wanted to come to grips with a past in which none of them had played an active part; they represented the reformers, Prime Minister Miklos Nemeth, the President of Parliament Matyas Szuros and the leading reformer, Minister of State Imre Pozsgay. And the discordant note was also evident in the words of the young student Viktor Orban, who called for an end to socialism and to the Soviet presence in Hungary with all the vehemence of his 22 years. His words and the funeral itself served as a glaring reminder of the primacy of politics today.

In contrast to the glacial nature of politics in "traditional" Communist states, in reformist Hungary—as in reformist Poland and the reformist Soviet Union—political events have continued to dominate since May, 1988.² With the fall of Kadar, a new political world had come into being. And though the apparatus coup was theoretically only an inter-party affair, it had enormous implications inside and outside the Communist party.

Inside the party, the end of the Kadar era was expected to bring a reformist leadership to power; as some Western specialists and diplomats pointed out, with Karoly Grosz at the helm, the party could begin to reform itself. The leading proponents of the reform, Imre Pozsgay and Rezso Nyers, were elected to the Politburo and given positions as ministers of state in a reformist government. Grosz began globetrotting, heralded by the most favorable press the reformers could hope for.

But the reforms suffered from the very beginning from disagreement within the party and from bad management. Internal dissension was evident on

¹For a description of the coup see Gyorgy Schopflin, Rudolf Tokes and Ivan Volgyes, "Leadership Change and Crisis in Hungary," in *Problems of Communism*, October, 1989, pp. 23-26.

²Theoretically, until 3 P.M. on May 8, 1989, Kadar kept a newly created ceremonial post, that of the president of the party.

³For Ribanszky's efforts see B.B.A., "Allitsuk talpra a partot," *Magyar Nemzet*, June 5, 1989, p. 3; Pogany Sara, "Ribanszki (sic) Robert ujra a ringben," *Magyar Hirlap*, June 10, 1989, p. 5; "Keprmutatas, demagogia, burkolt fenyegetes?" *Datum*, June 15, 1989, p. 1.

the part of the left wing, the neo-Stalinists, the conservatives, the apparatchiks and all those who had a position, a career, or an uncertain future. Led by Robert Ribanszky, Kadar's personal secretary, the left wing attempted to sabotage the reform programs and to gather the "faithful" into traditional Marxist groupings.³ Because the party apparatchiks have distributed some 70 percent of all available small arms to the 60,000-member Workers' Guards, the uncounted factory guards and the party guards, the left wing expected to threaten the reformers who were trying to move the party in a new direction.

Opposed to the left wing were the party reformers who gathered around Pozsgay, Nyers, Miklos Nemeth and the latter's increasingly professional Cabinet. Yet the reformers were also divided. Personal disagreement between Nyers and Pozsgay, different interests, temperaments and ideals splintered the reform leadership and led to hesitation and drift. By the summer of 1989, it was clear that the hapless Grosz had to go.

Grosz contributed to his own demise. In spite of the appearance of strength, he proved to be weak. A year after he took office, he was the least popular leader in Hungary; only the party apparatchiks approved grudgingly of his performance.⁴

Meanwhile, the party was losing both its credibility and its membership. At home and abroad, questions were raised about its ability to prevent its own disintegration, about its capacity to provide a framework for governing and about its internal cohesion—an open split in the party appeared to be imminent. Pozsgay's advisers were pushing him to form a democratic socialist grouping that would break with the traditional Communist mold of the HSWP. Nyers tried to avert the split; a compromise with the Ribanszky faction was apparently the only option the reformists did not wish to keep open.

In the end, they chose a method that only temporarily patched over their differences.⁵ Pledging to continue the reforms, on June 24, 1989, the party's Central Committee elected a collective presidency for the party; Rezső Nyers became the senior political figure, the president of the party.⁶ With him in the presidency were Imre Pozsgay and Miklos Nemeth—and the discredited Karoly Grosz. The

price of the temporary compromise appeared to be well worth it to the participants. For Nyers, the presidency was the culmination of a political career and a "just payment" for the humiliations he had suffered after his reform program was curtailed by Kadar in 1972. For Pozsgay, the guarantee that the party would choose him as the party's nominee for the new office of the state presidency in the first, open, multiparty elections in 1990—probably coupled with Soviet pressure to accept the post and promises of long-term support—tilted the scale toward acceptance. Because the Prime Minister had to be present at the party's demise and at its possible rebirth, Nemeth had to accept the compromise. And Grosz, the only man in the "gang of four" who could still talk with the alienated left wing, was given a graceful retreat; he would continue to be the First Secretary, albeit without political power and with a mandate simply to supervise the crumbling apparat.

The Central Committee meeting that accomplished this change of personnel also removed several recent "losers"—like Janos Berecz—from power, reduced the responsibility of the Politburo by enlarging it and renaming it the Political Steering Committee, and began to prepare for its October 7, 1989, extraordinary congress.⁷

POLITICAL PLURALISM

In Hungary, the remarkable fractionalization of political life that has taken place since 1988 is all the more noticeable because it took place in a polity that few specialists thought would ever respond favorably to pluralization. As of this writing, there are 11 full-fledged parties, several dozen large and well-articulated interest groups, and rival and divergent organizations by the hundreds.

The presence of multiple political parties is doubly necessary to test the avowed desire of the reform leadership to transform the present regime into a democratic, Western-style multiparty system by 1990. A new constitution is being prepared; a new Parliament and a strong President will be elected democratically in 1990; and by then new laws will guarantee the Hungarian people vastly expanded human and civil rights.⁸

It is anybody's guess how serious the HSWP reform leadership is in its desire to surrender its monolithic power to an opposition. Indeed, the party has taken a remarkable number of steps in this direction. It has supported the law on association that legalizes opposition parties; it has agreed to allow the free participation of existing parties in next year's election; it has assisted in the passage of the first law in a Communist state that allows conscientious objectors to serve in alternative service; and—at least on the surface—it has freed the Min-

³This conclusion is based on a study conducted by Laszlo Bruszt and Janos Simon for the party's Institute for Social Science. A partial summary of the study appeared under the title of "Ki kit szeret?" in *Magyar Nemzet*, June 23, 1989, p. 3.

⁵The popular wit called it "changing the window-dressing"; "Fordulat vagy fordulgatás," *Világ*, June 29, 1989, p. 18.

⁶See *Nepszabadság*, June 26, 1989, p. 1.

⁷Peter Toke, "Hogy is volt az a jelölés amely kibuktatta Bereczet?" *Reform*, June 23, 1989, pp. 12–13.

⁸Se karmester, se partitúra . . . , *Mozgó Világ*, June, 1989, pp. 3–22.

istries of Interior, Defense and Foreign Affairs from Communist party supervision. There are, of course, signs that the Interior Ministry is not altogether "out of the game" of political manipulation and control—for example, members of the Interior Ministry busily videotaped everyone who participated in the actual burial of Imre Nagy. Yet the current legal status of the Interior Ministry has been sharply curtailed compared with the status of its counterparts in neighboring states.

For the budding opposition parties, the transformation to democracy is going to be a rough road to hoe. At this writing, the most important parties are the Social Democratic party, the Union of Free Democrats, the Smallholders party, the People's party, and the highly nationalistic, "populist" coalition, the Hungarian Democratic Forum, which has recently transformed itself into a party organization. Divided by fratricidal conflict, most of these parties have not yet overcome their internal squabbles to become serious threats to the HSWP. With the exception of the 30,000-member Forum—a future target of the HSWP as a coalition partner—most have memberships of about 10,000.

Yet even the Forum membership is minuscule when compared with the 700,000-member HSWP. Even if one accepts the premise that no more than 20 percent of the HSWP faithful would be actively involved in a real election, the numerical strength of the HSWP would still be overwhelming. Moreover, as the opposition parties rightly claim, the HSWP continues to retain control or ownership of most of the buildings, physical plants and presses that are available for party activities.

But the problems caused by the ruling party provide only one reason for the failure of opposition parties. In fact, most Hungarians are not convinced that a truly democratic Hungary or the road to domestic freedom have finally been secured. Most people believe that they still "live in a magical musical land, where even the [hero] cannot always come back for the curtain call, because someone stabs him to death backstage."⁹ In the meantime, sympathy, if not actual support, is slowly building for the opposition.

There is another, less apparent reason for the lack of political action: the apparent success of Kadar's long-standing policy of depoliticization, the "greyhound effect" of "leaving the driving" to the Kadar elite in exchange for allowing people to tend their own gardens.¹⁰ As the economic situation

⁹Kalman Pataki, "Monitor lehetett az elsullyedt hajo," *Nepszava*, June 13, 1989, p. 5.

¹⁰These terms were used first by the author in the pages of *Current History*.

¹¹For documentation of these problems and procedures, see "Megkezdodtek a politikai egyeztető tárgyalások," *Nepszava*, June 14, 1989, pp. 1-2.

deteriorated, as people began to work ever longer hours at two or even three jobs just to keep pace, they had no time for politics. Coupled with a sense of futility, the habit of nonactivism in politics left politics to the professional party bureaucrats.

Will the opposition be ready to form a united front, à la Solidarity, and vote the HSWP out of power next year? Frightened by the Polish example, very few Hungarians would opt for the chaos. The party's plans to avoid that fate are obvious. First, it plans to nominate Imre Pozsgay, the most popular politician in Hungary, as President. Second, the leadership—while accepting its potential loss of a majority—is planning to be the senior partner in a coalition with the Forum and the Social Democrats, driving the other parties into a state of "permanent opposition." And third, the party has begun a process of grass-roots renewal through the HWSP Reform Circles, hoping to create a liberal, European Socialist party out of the debris of the HSWP.

The success of the opposition, in turn, will depend on maintaining a united front and avoiding—at least for the time being—a coalition with the HSWP. At the time of this writing, this is a well-nigh impossible task, for the opposition is already badly splintered. But the future success of the opposition will also depend on the way the election procedures take place; the roundtable talks between the opposition and the party elite must take on a form that will be acceptable to every participant in these discussions.¹¹

It is, of course, more favorable for the opposition that the Communist party's representatives at the discussions are Nyers and Pozsgay, rather than Grosz and Berecz; the topic of true reform is best discussed with those who appear truly to want reform.

PROBLEMS OF THE ECONOMY

The success of the political transformation, however, depends to a great extent on the success of crisis management in the economy, and here optimism must give way to pessimism. The task facing Hungary is so enormous that it boggles the mind: to transform a technologically backward state-managed command-economy into a mixed free market system; to change a heavy-industry-oriented economy "blessed" with a severely underdeveloped infrastructure into a modern technology-cum-service system; to convert a closed economy based on COMECON (Council of Mutual Economic Assistance) to one tied to Western markets. And all this must be accomplished when Hungary's net hard-currency debt has risen in one decade from \$US6 billion to \$13 billion; the figure is actually higher because some of Hungary's outstanding debts from

many third world nations are uncollectible.¹² Consequently, Hungary's yearly interest payments are around \$1.3 billion, while its debt-service ratios and per capita hard currency debts are the highest of any Communist state and one of the three largest debts in the world. Moreover, the rate of the net debt to the total value of all exports has risen from 120 percent in 1981 to 297 percent in 1987.

The system of crisis management in the last decade of the Kadar era was disastrous. To maintain its economic legitimacy, the regime tried to feed the population, first, by borrowing irresponsibly from abroad, then by forbidding nearly all investments and, finally, between 1984 and 1987, by transferring the burden for the debts to a population that had no appreciable resources. Even so, by 1988 the infrastructural backwardness had effectively stopped further development. Corruption had reached astronomical proportions; black-market prices had doubled; the national currency had been devalued repeatedly; the convertible currencies had begun to act as the only real price determinants in the domestic economy. And the standard of living had declined to the level of 1970.¹³

The Hungarian leadership finally appears to understand that "socialism as a model [has] proved to be a dead end. . . ."¹⁴ During the last two decades, Hungary has been practically eliminated from the world economy—its percentage of total world exports was 0.74 percent in 1970, and only 0.40 percent in 1986.¹⁵ And at least some of its leaders also understand that Hungary's only hope lies in a rapid transformation of its heavy-industry-based mammoth economy to a modern, electronics-based, technology and service-oriented export system, based on a functioning market with full private property rights, real prices and real wages.

But such a transformation cannot be accomplished in the helter-skelter manner that has characterized the leadership, and it cannot take place without a decisive break with the rigid and stultified structure of Communist-bloc nations. In addition, the governing elite must be prepared to break the thousands of separate "political contracts," for in-

stance, with the entrenched interests of the heavy-industrial firms whose very existence is threatened by such moves. For such firms, the huge government price supports—accounting for around one-third of the gross domestic product (GDP) in 1988—still make it possible to export products to the COMECON market that are not competitive anywhere else in the world.

So far, the government has shown no sign that it is prepared to break the deadlock with heavy industry and suffer the attendant socioeconomic dislocation of unemployment, labor strikes and economic uncertainty inherent in economic restructuring. Hampered by an inability to transfer nationalized state property to private ownership, the government has so far fiddled with the economy by allowing private foreign and domestic investment, by opening up a weak bond market and a partial stock market and by encouraging private entrepreneurship in a weak and half-hearted manner.

The new 1988 tax system has already become obsolete, because its basic premise—the state needs all available currency to repay its debts so it can remain creditworthy—discourages both innovation and investment; a productive national market can hardly be created with such tax policies. Miklos Nemeth and his Cabinet are caught between a stag-flating economy and the desire of the reformists to push ahead with the reforms, on the one hand, and the system that failed but remains permanently entrenched in its institutions, controls and bureaucracies, on the other. Hungary's only hope seems to be that the "international constellation" will remain favorable for some form of a miracle.

Indeed, at no time during the last 100 years have international events offered such favorable possibilities for Hungary and its leadership. In the Soviet Union, Soviet President Mikhail Gorbachev is deeply embattled in his own reform program; the Soviet Union, facing problems similar to Hungary's but confronting far more backwardness, has notified its allies that—by and large—they are to behave as they wish, short of formally leaving the Warsaw Pact. In fact, the Soviet Union has indicated that it intends to withdraw its armed forces from East Europe between 1997 and 2000, and that it may well allow Hungary to become an almost neutral—perhaps benevolently neutral—state with a Western-style, bourgeois democratic political system.¹⁶ In turn, that will mean radically lowered costs for Hungary's defense and an opportunity to

(Continued on page 399)

¹²A *vilaggazdaság és a nemzetközi kereskedelem eloiranyzatai 1988 tavaszán* (Budapest: KOPINT, 1988), p. 5 ff.

¹³László Antal, "Kifele a valságból?" *Mozgó Világ*, June, 1989, p. 24, and interviews with Antal and leading Hungarian economists, May-June, 1989.

¹⁴Deputy Minister of Justice Geza Kilenyi in "Se karmester. . .," p. 4.

¹⁵Bela Kadar, "A gazdasági novekedes tényezoi az 1980-as evekben," *Gazdaság*, no. 2 (1988), p. 6.

¹⁶Aside from the much-quoted Gerasimov interview, see Imre Szokai and Csaba Tabajdi's study in *Magyar Nemzet*, March 18, 1989, pp. 1-3; Tamas Zala, "Egyenes beszéd kulpolitikánk orientaciovaltarol," *Kapu*, May, 1989, pp. 20-21; and Istvan Dioszegi, "A semlegesseg eselyei," *Magyar Nemzet*, June 24, 1989, p. 10.

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"The strategy of the present SED [Socialist Unity party] leadership to seek an alternative to Soviet-style reform has not been successful. . . . As the SED moves toward its twelfth congress in 1990, many ordinary members will be looking for a change that will herald a more mature form of socialism."

East Germany: Coping with Gorbachev

BY DAVID CHILDS

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WHEN Mikhail Gorbachev became General Secretary of the Communist party of the Soviet Union (CPSU) in March, 1985, few experts would have predicted that the new man would initiate such fundamental reforms at home and would tolerate such change in the Soviet empire. Right from the start, the leaders of the German Democratic Republic (GDR, East Germany) were worried by his appointment.

The last years of Soviet leaders Leonid Brezhnev, Yuri Andropov and Konstantin Chernenko had given East German leaders a little more leeway because of the weak leadership in Moscow. Suddenly, they were faced with a new, dynamic leader who was anxious to make his mark at home and abroad. His relative youth was a challenge to the aging East German leaders. When the magic words *glasnost* and *perestroika* swept round the world, the comrades at the head of East Germany's Socialist Unity party (SED) became alarmed. They lost no time in voicing their opposition.

Two of many objections voiced by SED members to attempted reform in East Germany were statements made by Hans-Dieter Schuett, editor in chief of the youth paper *Junge Welt*, and Kurt Hager, the party's aging and long-standing chief ideologue. Schuett praised the Soviet Union for defeating Nazi Germany, but he did not consider the Soviet Union a model in terms of technology and progress.¹ Not many years earlier, Schuett would have been expelled from the party for such a comment. Meanwhile, Hager gave an interview to the West German magazine *Stern* (April 10, 1987), in which he asked rhetorically, "If a neighbor changed the wallpaper in his apartment, would you feel you had to do the same?" Since then, there have been other critical statements and attacks on the reform process in other East European states.

On June 13, 1989, at the ninth East German

Pedagogic Congress, usually an important political and educational event, Margot Honecker attacked reforms in neighboring states. She is the minister of education, a member of the SED's Central Committee and the wife of East German General Secretary Erich Honecker. In a hard-line speech, Margot Honecker said it was not clear what those who talked about the free market economy and pluralism had in mind. She had no doubt that they sought "not the strengthening of socialism, but the return to capitalism." What was needed, she said, were young people who could fight, who helped to strengthen socialism, who stood up for socialism, defended it by word and deed and, "if necessary, with weapons in their hands." She came out strongly in favor of education based on the ideology of the Socialist party.²

A few days earlier, Erich Honecker answered a question put to him by American journalists about the likelihood of reforms in East European states, including East Germany.

We are anxious to find in each case such solutions as suit our national conditions best. This does not of course mean that we would underrate the experience gathered by the other socialist countries. On the contrary: we are actively involved in the exchange of experience with them. In the process, we would be well-advised not to copy from the other socialist countries.³

While Honecker's view was good Marxism, it was a distortion of the history of the postwar Soviet zone of occupation. Immediately after World War II, all the Communist parties proclaimed national roads to socialism, and they all claimed to be in favor of democratic roads to a new society. The Communist party of Germany (KPD) and, after 1946, the SED, agreed on a German road to socialism.⁴ By 1948, after the break with Yugoslavia's Josip Broz Tito and the beginning of the Stalinization of East Europe, to speak of a special German way became heresy. To be victorious, one had to learn from the great Stalin and the Soviet Union, from architecture and organizing "elections," to

¹Interview in *Die Zeit* (Hamburg), June 27, 1986.

²*Informationen* (Bonn), no. 12 (June 30, 1989), pp. 6-7.

³*Foreign Affairs Bulletin* (GDR), June 21, 1989.

⁴See Wolfgang Leonhard, *Die Revolution Entlaesst Ihre Kinder* (Cologne/Berlin, 1955).

Stakhanovism and Zhdanovism. Erich Honecker enthusiastically took up the new line. The German road has recently been discovered to defend East Germany's rather obscurantist reaction to Gorbachevism.

REACTION TO REFORM

The SED's obscurantism has led it to identify with the most reactionary regimes that call themselves "Communist" — China, Czechoslovakia, North Korea, Romania and Cuba. Joachim Herrmann, a Politburo member, in his report to the eighth session of the Central Committee on June 22, 1989, made this clear. He commented, for instance, on the situation in China after the crushing of the prodemocracy movement:

As far as recent events in the People's Republic of China are concerned, [East Germany] published all the pertinent announcements and statements of the party and the state leadership . . . to inform the [East German] people objectively and to refute Western horror stories. There were plans to use the peaceful rallies of students in Beijing for a counterrevolutionary overthrow of the people's government in China.⁵

Although Herrmann had nothing to say about developments in Hungary, other party commentators have stressed their worries about developments there. For his part, Herrmann welcomed the establishment of a powerful presidency in Poland, with General Wojciech Jaruzelski as the first incumbent. He interpreted this as a guarantee of the continued close and fraternal cooperation between the social systems of Poland and East Germany.

In their efforts to come to terms with recent developments in the Soviet Union and in other Warsaw Pact states, party spokesmen emphasize that the various states are at various stages of development, and therefore have different problems. Otto Reinhold, a member of the party's Central Committee and rector of its academy for social sciences, has made this point in relation to proposed changes in Soviet agriculture. Reinhold has rejected leasing land to individual families as has been proposed in the Soviet Union. In his view, this leasing system is necessary in the Soviet Union to bring about an immediate increase in the food available.

Reinhold went on to explain that what the Soviet Union was trying to do had the SED's full support.

East Germany did not need to import similar reforms because, for the most part, it had started on this reform path in the early 1970's.⁶ The Soviet Union was attempting to overcome years of stagnation, but in East Germany there had been no stagnation. Reinhold admitted, however, that there were differences of opinion between the SED and the Soviet, Polish and Hungarian Communist parties. The SED rejected the view that changes in property relations, the development of market relations, a wide development of socialist democracy and competition were necessary to bring about an acceleration of scientific and technological change and increased economic effectiveness.⁷

The SED tried to avoid open arguments, but on some questions a discussion and an argument could not be avoided. Reinhold's statement is one of the most open yet on the differences between the SED and Soviet positions. How strong is the SED's position, vis-à-vis the Soviet Communist party?

The SED believes it has several cards up its sleeve. There is the feeling within the SED that any revolt in East Germany could only damage the present Soviet leadership by threatening the entire Soviet domain in East Europe. The SED also claims that the Soviet Union is heavily dependent on high quality exports from East Germany, which are paid for in soft currency. In addition, the SED offers its support of Soviet international initiatives at every available opportunity. Finally, many SED leaders expect to see Gorbachev fail.

Reinhold himself stressed the view that it was clear to any sober observer that in the next two decades the fate of world socialism, to a high degree, "is dependent on the achievement of the process of transformation in the Soviet Union."⁸ This would imply Reinhold's support for Gorbachev's reforms in the Soviet Union and an understanding that only an economically successful and politically united Soviet Union can make socialism attractive.

Reinhold is probably a technocratic-centrist in SED terms, that is, he is neither an old conservative nor a Hungarian-style liberal. Many others in the SED are likely to share his view. They want their party to keep a firm grip on the state and the economy. At the same time, they accept the need for measures to improve the economy, providing these measures do not conflict with central planning and party control. They are prepared to allow a little more cultural freedom, to make an extra effort to integrate minorities (especially the churches) and to adopt measures giving individuals slightly more freedom. None of this must undermine the leading role of the SED in East Germany's political and social life. Naturally, such people totally dismiss any possibility of German reunification.⁹

⁵*Foreign Affairs Bulletin*, July 3, 1989.

⁶Otto Reinhold, "Kurs XII Parteitag—Kontinuität und Erneuerung in unserer Gesellschaft," in *GS Geschichtsunterricht und Staatsbürgerkunde*, June, 1989, p. 406.

⁷Reinhold, op. cit., p. 407.

⁸*Ibid.*, p. 407.

⁹See Kurt Hager in *Einheit (SED)*, July 7, 1989.

ECONOMIC SUCCESS?

The strategy of the present SED leadership to seek an alternative to Soviet-style reform has not been successful. There has been a foolish attempt to persuade the East German people that they are better off than West Germans and others in "capitalist states." Honecker made this point in December, 1988:

Strictly speaking, living standards in [East Germany] are higher than in what is, to quote [West German] Chancellor Helmut Kohl, "Western Europe's biggest power, not only industrially, but also militarily," but where, in the words of West German trade union officials, the rich are getting richer and the poor are getting poorer.¹⁰

Honecker then went on to list the usual catalogue of East German achievements, as the SED sees them: full employment, an integrated socialist ten-year school system for all, extensive health services for all, a comprehensive housing program, a modern economy and no food shortages. In contrast to Honecker's views, more and more reports from East Germany indicate substandard living conditions. The question of living standards was raised at the conference of the evangelical Lutheran church of Saxony, held in Leipzig in July, 1989. It was suggested that poor standards and the "catastrophic housing situation" were among the reasons why so many East Germans wanted to leave for the West.¹¹ The churches do not, as a matter of principle, encourage dissatisfaction over material conditions, and there were many voices raised at the conference urging East Germans to remain. Many demands for civil rights were made. Often Western observers are taken in by official East German statistics, the general absence of beggars and open prostitution and the lack of garbage in the streets.

All this makes East Germany appear tidy, if drab, but not poor. But when controversy broke out in the columns of *The New York Times* (March 13, 1989), after a report claiming that East Germany was prosperous and successful, one reader (April 1, 1989) rightly pointed out, "Anyone who has tried to purchase tomatoes, broccoli or milk in East Germany—to say nothing of exotic fruit like bananas—knows this is ridiculous." As another reader noted, East Germans are prepared to exchange East German currency at 5 to 1 for West German marks (the official rate is 1 to 1), in order to buy anything from soap to television sets at the Intershops, where purchases can be made only in Western convertible currencies. Honecker and his

colleagues are unable to convince their subjects because it is common knowledge in East Germany that the currencies of small states like Iceland, Ireland, Greece and Hong Kong are worth far more than the mighty East German mark, the Soviet ruble, the Polish zloty or the Bulgarian leva.

Since the GDR was created in 1949, there have always been massive shortages of all kinds. Occasionally the media admit that there has been trouble with the "1,001 little things," from light bulbs and razor blades to buttons and writing paper. In an unusually frank editorial, *Neue Zeit* (July 21, 1989) admitted some recent economic failures. Fruit, vegetables and perishable goods were, it wrote, unobtainable in certain areas. There were deliveries outstanding of outerwear, shoes, furniture, motorcycles, bicycles, spare parts and the "1,001 little things." An organ of the SED satellite, the Christian Democratic Union (CDU), revealed rising anger over the inadequate catering, transport and other services.

In East Germany, one needs connections to get consumer goods and services regarded as normal in the West—a spare part for a refrigerator, a washing machine or an automobile, a hotel room, a steak, an appointment to see a well-known medical practitioner. A West German study in the mid-1980's came to the conclusion that the average East German income is only 47 percent of the average West German income.¹² Such calculations necessarily oversimplify and leave out factors like the quality of merchandise available, or the fact that, in most cases, East Germans cannot travel except in a very few countries, whatever their incomes.

The idea that East Germany is in some ways highly successful is a myth. One of the basic flaws of the East German economy is that it is centrally planned and party controlled. Often in East German history, the SED has imposed political objectives on the economy with disastrous results.

Thus, everything is sacrificed to meet the main political-economic goal decreed by the party leadership. The ninth congress of the SED in April, 1986, outlined the main task—the modernization of the economy by the introduction of key technologies like micro-electronics, automation, robotics, nuclear energy, laser technology and biotechnology. It seems highly unlikely that East Germany can implement such a vast program of modernization, given its lack of capital, its lack of trained personnel and the political controls still in force that slow down the innovation process. SED leaders are not at all sure, for example, that they want the personal computer to become commonplace in East Germany.

It will be interesting to see to what extent the SED will encourage the development of data net-

¹⁰*Foreign Affairs Bulletin*, December 12, 1988.

¹¹*Informationen*, no. 13 (July 28, 1989), p. 9.

¹²Wolfgang-Uwe Friedrich, *DDR Deutschland zwischen Elbe und Oder* (Stuttgart, Berlin, Cologne, Mainz, 1989), p. 53.

works within East Germany and data communications with the outside world, particularly with the West.¹³ Up to now, East Germany's attempts to catch up with the West in the field of computer technology have been failures.¹⁴

The East German economy still finds itself in the grip of certain "traditional" problems. It must export to the Soviet Union, on an enormous scale, its best products like computers, engineering products and consumer goods. What it receives in return are mainly raw materials. Yet it needs to export to the West to pay for the import of modern equipment and know-how. The fall in the price of oil in the 1980's has greatly reduced the value of East German oil products to the West, and competition from Asia has undermined its exports of cheap consumer products. When the price of oil was high, East Germany invested, once again, in the exploitation of domestic brown coal. This is costly to use and environmentally damaging, and makes even less sense when the price of oil is relatively low. Decades of neglect of housing, factories, hospitals, schools, roads, railways and other infrastructure have left East Germany with a huge backlog of necessary investments.¹⁵ Without the massive aid it gets from West Germany, East Germany's economy would probably grind to a halt.

West Germany is East Germany's most important Western trading partner and its second most important trading partner overall. East-West German trade is conducted not in hard currency, but in units of account with interest-free credit (up to a fixed amount) for the partner (usually East Germany) that has received more than it has delivered at the end of the year. Because West Germany does not regard this as foreign trade, East German goods are not subject to customs duty.

For political reasons, the West German government underwrites credit for East Germany as well as giving aid itself. It has also paid large sums for postal services and for the use of the highways between West Germany and West Berlin. In addition, since 1963, it has been "buying" political prisoners from East Germany. The West German authorities give grants to visiting East Germans.

¹³Gary Geipel, "Politics and Computers in the German Democratic Republic: The Robotron Combine," in *Studies in GDR Culture and Society*, no. 8 (Lanham, New York, London, 1988), p. 96.

¹⁴Steffen Uhlmann, "Computer am Dienstag, Chaos am Mittwoch," in *Der Spiegel*, June 19, 1989. Uhlmann is a former East German economic journalist.

¹⁵Karl C. Thalheim, "Volkswirtschaft," in Alexander Fischer, ed., *Die Deutsche Demokratische Republik* (Freiburg, Wuerzburg, 1988), p. 87.

¹⁶*Die Welt*, August 3, 1989, p. 3.

¹⁷*Ibid.*, p. 1; see also *The New York Times*, August 22, 1989; *The Economist* (London), September 16, 1989, pp. 49-50.

West German organizations, notably the churches, pay considerable sums to their co-religionists in East Germany, helping to maintain old people's homes, hospitals, homes for the handicapped, seminaries, churches and so on. The millions of West German visitors to East Germany are forced to exchange a minimum amount of hard currency for every day they stay in East Germany. In addition, millions of marks are sent every year to East Germans by their relatives in the West. It all adds up to a great deal of trade and aid.

EAST GERMAN EMIGRATION

In August and September, 1989, more East Germans emigrated to West Germany than at any time since 1961, when the Berlin Wall was erected. Travel is usually very limited for East Germans, but they can travel relatively freely to Hungary as tourists. In 1989, many East German tourists took refuge in West German embassies, demanding passage to West Germany.¹⁶

In May, 1989, Hungary opened its border with Austria, dismantling the barbed wire fence that discouraged escape. In late August, the Hungarian border guards were instructed to look the other way when East Germans attempted to cross the border. So many East Germans in Hungary were trying to escape that refugee camps were set up. When the frontier was completely opened in mid-September, more than 14,000 East Germans crossed into Austria in a single week.

Opening the border was a stop-gap measure. Although emigrating legally is time-consuming and risky, the vast majority of East Germans who left for the West from January to August, 1989, did so legally (of some 77,000 who left before August, 75 percent were legal emigrés).¹⁷ This year a total of 100,000 are expected to have emigrated.

Hungary's decision to open its border effectively suspended sections of its 1969 treaty with East Germany, regarding the return of citizens attempting to emigrate illegally. East Germany demanded that Hungary stop allowing the emigrations, but took no concrete action. Gorbachev maintained his posture of noninterference. For his part, West German Chancellor Helmut Kohl suggested that fewer East Germans would emigrate if conditions in East Germany improved.

East Germany's increasing difficulty in discouraging emigration to the West has led to a renewed media campaign to convince young, skilled East

(Continued on page 400)

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"Czechoslovakia has clearly become an anachronism. . . . except for East Germany, this post-totalitarian holdover is surrounded by three modernizing one-party states (Poland, Hungary and the Soviet Union) and two pluralistic democracies (West Germany and Austria). It is most unlikely, however, that a country with a democratic tradition will remain out of step for very long."

Czechoslovakia: Realistic Socialism?

BY OTTO ULČ

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THE legitimacy of any political system imposed from the outside is precarious; Czechoslovakia's political system is no exception. The 1968 reform movement known as the Prague Spring was crushed by Soviet tanks, implementing the Brezhnev doctrine of "socialist fraternal assistance." Vindictive measures followed and popular leaders were replaced by individuals with little competence or integrity.

With poorly qualified opportunists in charge at all levels of responsibility, the economy registered negative growth in 1981. The policy labeled "realistic socialism (*realny socialismus*)" faced growing difficulties. By 1988, the country had run out of toilet paper and sanitary napkins, triggering not only a plethora of sarcastic jokes, but also a serious legal debate about whether women "in distress" were entitled to stay home from work. It was ruled that there is no such right.

Karel Urbanek, a newly appointed member of the ruling Politburo, acknowledged the precarious state of affairs in the typical apparatchik's prose: "Negative impact is above all caused by the fact that over the years, a number of unsolved problems have accumulated: socioeconomic, material-technical, legislative legal, pedagogic educational (sic) and further problems including the administrative bureaucratic methods of problem solving."¹

The precarious mandate of Soviet President Leonid Brezhnev's appointees was forfeited by the second half of the 1980's, with the emergence of President Mikhail Gorbachev. His innovative program of glasnost and perestroika explicitly rejected the practices of the Brezhnev era, characterized as one of corruption and decay. Yet what Moscow calls "stagnation," Prague continues to call "normalization"—the only correct course.

Gorbachev's deeds sound familiar to Czecho-

slovak ears: Prague Spring seems to have begotten Moscow Spring. "First they crush us, now they imitate us," complain the citizens in Franz Kafka's native land. Asked at a press conference to explain the main difference between Gorbachev and Alexander Dubcek (the Czechoslovak Communist party head in 1968), Gennadi Gerasimov, the spokesman for the Soviet Ministry of Foreign Affairs, answered, "Nineteen years." In other words, Dubcek erred not in substance but in timing: his reforms were prematurely correct.²

The Soviet invasion of 1968 killed whatever public affection remained for big brother, the destroyer of liberalization. The post-invasion leaders assumed their roles at a relatively young age: in 1969, Gustav Husak, the new General Secretary of the Communist party, was 56 (born in 1913), the oldest among them. For almost 20 years their ranks remained unchanged, surviving Leonid Brezhnev, Yuri Andropov, Konstantin Chernenko and the first two years of Gorbachev's disturbingly innovative course.

Under the facade of unity, Czechoslovak leadership split into three groups: those in favor of immediate reforms (the pragmatic technocrats, including Lubomir Strougal, the Prime Minister of the federal government); those in favor of a much slower, more cautious pace of reform (the apparatchik Milos Jakes and Ladislav Adamec, the prime minister of the Czech state government); those who rejected any restructuring as a sell-out of ideological principles (hard-liners like Vasil Bilak, Jan Fojtik and Alois Indra). The ambitious Husak, who was never fully trusted, attempted to detach himself from the conflict.

The ice was broken in December, 1987. Husak, head of the state and the party, was forced to surrender the post of General Secretary. Milos Jakes, a colorless apparatchik, was chosen as his successor. He was deeply involved in the mammoth purge of the 1968 reformers and was subsequently in charge of failed economic policies. Devoid of any charisma, he was embarrassingly inept as an extemporaneous

¹ *Tvorba*, February 22, 1989, p. 2.

² Similar views were expressed by the Soviet ambassador to Italy and various academicians. In *Novy Mir*, January, 1989, Sergei Zalygin condemned the Soviet invasion in no uncertain terms.

speaker, yet he was a competent manager and manipulator of power.³

An extraordinary corruption trial (Babinsky et al.), involving charges of theft, sex orgies and even safaris from helicopters, precipitated the fall of several party members, including the relatively moderate Peter Colotka. In early 1988 Politburo members Antonín Kapek, the head of the Prague party organization, and Jan Havlín conveniently retired.

In October, 1988, Jakes engineered the fall of his rival, Strougal. In addition, the Cabinet members of reformist bent were forced to resign. This change in leadership also affected the Politburo: two members were recalled and five newcomers were added. Among them, Frantisek Pitra, who had no experience in state administration, was named prime minister of the Czech state government.

This substantial setback for the reformers was somewhat ameliorated two months later, when the prime hard-liner, Bilak, age 71—neither a Czech nor a Slovak, by far the most hated individual in the country—turned in his resignation.

Further leadership changes took place in February, 1989, when several top cadres, reformists rather than conservatives, were dispatched to diplomatic posts abroad and were thus removed from the domestic political stage.

Altogether, these changes have reduced Slovak representation on the federal level. The ratio of the Czech to Slovak representatives stands at 2 to 1 and it was the Prague and not the Bratislava Spring that precipitated the Soviet invasion in 1968. Consequently, it was the Czechs who had suffered the brunt of the purges, who went into exile or became involved in the dissident movement. A disproportionate number of vacancies in Prague had been filled by Slovaks, thus rekindling the dormant nationalist animosity in the Czechs. However, as a result of the turnover in the late 1980's, Slovak representation in the Politburo was reduced from one-third to one-fourth, the proportion that had existed during the tenure of the despised pre-1968 leader, Antonín Novotný.

The five newcomers to the Politburo are in their forties. They started their careers after the invasion

but are not tarred by the image of having been Brezhnev's appointees, nor can they be held responsible for the precarious state of the economy and society. Among them Miroslav Stepan, head of the Prague party organization (and successor to Kapek), is considered the rising star.

Absence of association with the Brezhnev ancien régime is no guarantee of fresh, innovative thought and action. This generational change is not likely to lead to a substantive change in policy. The newcomers exhibit the same conservative, dogmatic orientation as their predecessors, the foes of perestroika.

"In our country, the reform-minded Communists were exterminated during the 1970's and if they are secretly surviving within the party, they surely give no sign of their existence," asserts Milan Simečka, a prominent member of both the Communist reform movement of 1968 and today's democratic dissent.⁴

TOUCHES OF GLASNOST

Nonetheless, as a concession to glasnost, a modicum of frankness has entered the Czechoslovak political life-style. Although no match by far for the outspokenness of the Soviet media, the Czechoslovak media occasionally delve into matters previously off-limits to the general public. For example, in its September 14, 1988, issue, the party weekly *Tvorba* touched on several taboo subjects, like the predicament of the Gypsy minority ("We know more about the blacks in New York City than about our Gypsies"); Western capitalist investments ("What will happen to the Marxist-Leninist theory of exploitation?"); and a frank lament about the school practice of evaluating students according to the political reputation of their parents.⁵

For the first time, the Czechoslovak public has had the opportunity to read about Soviet veterans who cursed the war in Afghanistan. There is general disinterest in party membership, especially among the young, and a growing number of party members are resigning.⁶

"Our propaganda does not always sufficiently and convincingly explain to the public the reality of today's capitalist world," acknowledged Karel Kvapil, the director of the State Radio.⁷ This effort is rather ineffective, especially with regard to the young audiences.

The time when we were able to indoctrinate the people for the cause of socialism with posters and slogans is long gone. People, these days, travel abroad, they listen to foreign broadcasting stations.

complained district apparatchiks at a roundtable discussion.⁸

The radio station "Voice of America," which used

³See his address to the editors in chief in 1986. A transcript of a tape was reprinted in the Paris-based quarterly *Svedectví*, no. 86 (1989), pp. 288-290.

⁴*Listy* (Rome), February, 1989, p. 15.

⁵Another taboo subject was the Czechoslovak manufacture of Semtex, the explosive that caused the destruction of the Pan-Am airplane in Scotland in December, 1988. See the comment in *Rudé Právo*, January 7, 1989, p. 1.

⁶*Halo Sobota*, March 18, 1989, pp. 1, 7; *Rudé Právo*, April 8, 1988, p. 1; *Zivot Strany*, no. 2 (1988), pp. 15-16.

⁷*Rudé Právo*, February 1, 1989, p. 2.

⁸*Halo Sobota*, March 18, 1989, p. 3.

to be known among the people as "Prague Three" (after the two government radio stations), is now called "Prague One," reaching an estimated one-half of the entire listening audience. In December, 1988, as a concession to the Helsinki Accords, Czechoslovakia suspended the jamming of Radio Free Europe, which is on the air 21 hours a day.

In addition, foreign television signals (received in 80 percent of the homes in the country), and video and audio recordings have contributed to the end of the regime's monopoly over information.

Access to these sources is the primary cause of the glasnost-like behavior of the official media. As a rule, however, distortion or outright silence remains the norm whenever topics of substance are involved, like the defeat of prominent party officials in the first contested Soviet elections, or the legalization of Solidarity in Poland, or the elimination of the premise that the party must play the leading role in Hungary. In spite of protests from Prague, on April 26, 1989, Hungarian television carried an interview with pensioner Dubcek, referring to Brezhnev and his cronies as double-dealing and characterless.

On the domestic front, the media have little to report about political restructuring. In the electoral district of Teplice (North Bohemia), a vacated parliamentary seat was contested for the first time since 1948. A total of 12 candidates were nominated: 11 by the party primary organizations, 1 by the association of the handicapped. The electoral commission chose 3, all party members. There is no rejoicing in Teplice about multiple candidates. "How will the losers feel?" worried *Rudé Právo* in its commentary.⁹

"Our republic has the largest armed forces per capita in Europe. Is there any justification for that?" This query appeared in *Rudé Právo*, along with the reply that "the current numerical strength has its historical justification."¹⁰ However, responding to Gorbachev's "peace offensive," Czechoslovakia ordered the transfer of some manpower from combat training to housing construction units.

Reporting on foreign affairs, Czechoslovakia continues to follow the Soviet lead—up to a point. Prime Minister Adamec expressed skepticism about the efficacy of COMECON (Council of Mutual Economic Assistance) contrasting its progress with the progress toward integration achieved in West Europe. In early 1989, because of the

notorious shortages of consumer goods, the East Europeans have increasingly resorted to shopping across the border. East Germans and Poles shop in Czechoslovakia, Czechoslovaks shop in Hungary, and Soviet citizens shop everywhere except in Poland. The government in Prague issued strict protective regulations that triggered hostile retaliatory measures in neighboring countries.

During the post-invasion period, the Czechoslovak media have frequently exceeded their Soviet counterparts in their condemnation of the West, particularly the United States. As they see it, the United States and Israel were solely responsible for the Arab terrorist attacks at the airport in Vienna and Rome. United States President Ronald Reagan was frequently characterized as an ogre worse than Adolf Hitler, a madman eager to unleash nuclear holocaust and destroy all life on this planet.

Shortly thereafter, amiable relations between Reagan and Gorbachev culminated in the first nuclear arms reduction treaty. This development could not have passed unnoticed in Czechoslovakia, where the Soviet intermediate-range nuclear missiles had been stationed. President Reagan's successor, George Bush, has also been the recipient of a severe verbal lashing.

In Czechoslovakia, the current call for modernization seems to validate the Marxist-Leninist principle of economic materialism: the material base determines the superstructure. If the economy were working correctly there would be no need for glasnost and perestroika.

The Statistical Office in Prague reported in January, 1988, that the country's economic performance was "in many respects far from satisfactory," that negative trends had not been reversed and that the goals of modernization had not been met. These shortcomings continued throughout the year. In 1988, Svatopluk Potác, the president of the State Bank, referred to state socialist enterprises as "having lost their ability to pay their suppliers," causing a chain reaction of insolvency.¹¹

Limited doses of glasnost reveal the symptoms rather than the causes of the unpleasant reality; inflation exceeds 10 percent, export targets are not met and products fail to compete not only on capitalist but also on East European markets. The Czechoslovak foreign trade structure is starting to resemble that of an underdeveloped country.¹²

The crippling effect of egalitarianism is criticized: a physician is paid on a par with a ditch digger, a physician on night duty is paid considerably less than a janitor in the same hospital. Doctors depend on bribes in order to supplement their meager earnings.¹³

The consequence of such an irrational disincen-

⁹*Rudé Právo*, March 25, 1989, p. 1, and April 8, 1989, p. 1.

¹⁰*Rudé Právo*, February 18, 1989, p. 6.

¹¹*Rudé Právo*, April 8, 1989, p. 3.

¹²*Rudé Právo*, January 31, 1989, p. 7; also *Lidová Demokracie*, January 21, 1989, and *Svobodné Slovo*, February 14, 1989.

¹³*Halo Sobota*, September 24, 1988, pp. 1, 7. This charge of corruption was brought up in a detailed report by a CP publication, *Hospodárské Noviny*, no. 49 (1988).

tive system is already being felt. According to Jaroslav Kalous of the Academy of Sciences, Czechoslovakia—a country where illiteracy was erased over a century ago—has slipped to having the second lowest number of university students per capita in Europe, ahead only of Albania. In expenditures for higher education, Czechoslovakia is in seventy-second place in the world.¹⁴

A further contributing negative factor is the continued practice of barring young people with a politically tainted pedigree from higher education, irrespective of their talents and motivation.

In the pursuit of glasnost, the media carry critical, even condemnatory, reports regarding inferior supplies of consumer goods and services; 85 percent of all new apartments are reported defective; spare parts are unavailable and customers naively hoping to obtain them are ridiculed by the sales personnel; the 280,000 requests for installation of a telephone, some dating before 1970, remain unanswered.¹⁵

The party resolutely rejects the insinuation that the current program of perestroika merely plagiarizes the reform of 1968: "The question is more complicated. . . . The same slogans may in different situations have a different meaning," insisted *Rudé Právo* on February 13, 1989.

Czechoslovakia is in no rush to confirm the veracity of the joke according to which socialism is a transitory stage from capitalism to capitalism. "Unlike the revival of the private sector in Poland and Hungary, Czechoslovakia rules out such an eventuality," reaffirmed the party weekly *Tvorba* on January 25, 1989. The authorities have been reluctant to create suitable conditions for joint ventures with Western private firms (the Dutch concern Philips is among the few exceptions). Political rather than economic considerations favor the establishment of cooperative ventures in an ideologically safe direction, like the enterprise called Mongolcechoslovakmetal, which employs a record number of geologists in Outer Mongolia.

On the positive side, the relative prosperity and political tranquility in the agricultural sector pose no threat to the status quo.

Considerably less pressure in the direction of reform is generated in the Slovak part of the country. During the 20 years of federation (coinciding with the post-invasion period of normalization), economic growth in the Slovak Socialist Republic

(SSR) substantially exceeded that of the Czech Socialist Republic (CSR). Grumbling among the Czechs about favoritism in allocating resources to the smaller Slovak neighbor inevitably followed.

The managers of socialist enterprises have thus far shown little enthusiasm for perestroika. They prefer to wait for directives from above while complaining that their initiatives are being stultified. In 1988, the "principles of comprehensive experimentation" were extended to enterprises that account for one-fifth of the centrally planned industrial production. The transition to the new management system is to be completed by January 1, 1991.

Frantisek Cuba, chairman of the agricultural cooperative at Slusovice (by far the most successful, most imaginatively run Czechoslovak enterprise, engaged primarily in nonagricultural ventures like breeding race horses, building racing cars and producing computers), offered this assessment of the Czechoslovak economy:

If we rate the optimal conditions of the development of an enterprise by a coefficient of 100 . . . our old economic mechanism met the goal by 10 percent and the current mechanism by roughly 25 percent.¹⁶

Czechoslovak economists estimate that if production plans are met, by the year 2000 the country will match the economic level that Austria reached in 1983. In the opinion of two members of the Academy of Sciences, the economic future of the country augurs stagnation and indebtedness.¹⁷

The so-called Iron Concept of Socialism left no room for environmental considerations. After decades of neglect, there is alarming deterioration. All 13 regions are affected, the North Bohemian region most seriously. The area, rich in chemical industries and surface mining, is starting to resemble a moonscape. Schoolchildren are instructed to protect themselves with handkerchiefs when they walk outdoors. They are regularly transported to less affected areas, just for breathing exercises.

After years of official silence, the authorities acknowledge the seriousness of the deterioration. The environment has become one of the most prominent media topics—issues like the ozone layer, acid rain, health hazards and the toxic threat to the Danube River. The media has vigorously rejected the proposal to offer Czechoslovak territory as a dumping ground for foreign toxic wastes for a fee in hard currency, pointing to similar scandals in

(Continued on page 401)

¹⁴*Mladá Fronta*, November 23, 1988. The decline of university educated graduates was acknowledged by the ideologue Fojtík in *Rudé Právo*, April 1, 1989, p. 4.

¹⁵*Halo Sobota*, September 27, 1986, p. 1, and October 25, 1986, p. 1; *Rudé Právo*, March 4, 1989, p. 3.

¹⁶*Rudé Právo*, January 7, 1989, p. 3.

¹⁷*Politická Ekonomie*, no. 5 (1987), pp. 487–500, and no. 12 (1987), pp. 56–66.

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"The Yugoslav political system increasingly projects an image to which the democratic West can relate.... The Yugoslav regime wants very much to receive the first world's stamp of approval and to walk hand in hand with the political-economic industrial core rather than with the periphery."

A Prognosis for Yugoslavia

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IF one is to anticipate the state of Yugoslav society in the year 2000, one must consider carefully the developmental implications of the regime's more recent reforms and innovations.* Clearly, the focus on worker participation in industrial decision-making remains the centerpiece of the Yugoslav conglomerate. Industrial democracy, with generous opportunities for socioeconomic-political involvement in decision-making, continues to be the watchword of the system. This feature provides the Yugoslav experiment with a certain uniqueness as well as a decided glamour in the eyes of many (especially third world) cultures.

The recent Yugoslav situation that betrays serious regional-ethnic conflict (the Albanian problem) as well as glaring economic ineptitude (the higher than 500 percent inflation rate as of July, 1989), speak to a need for serious reevaluation of the basic fabric of the Yugoslav system. Indeed, the very assumptions on which it is based are coming under scrutiny, both within the country and abroad, among its friends and its critics. The initial and ongoing projected response involves reforms and policies that seek closer identity with and approval by the more advanced Western world. How this impulse to solicit Western approval will affect the more traditional, Marxist-based "socialist" norms set by the 1958 seventh party congress remains unclear. As enunciated in the party (LCY, League of Communists of Yugoslavia) program:

The League of Communists regards social ownership of the means of production as an inviolable foundation of the socialist system of Yugoslavia. Only further development of social ownership will create condi-

tions for a steady economic strengthening of the socialist community and thus for a better life and ever wider freedom of the working man. Work in such conditions will no longer be merely a struggle for existence but a satisfaction to man, the conscious creator.¹

The context of the recent debate has raised issues of regional autonomy versus more federal centralization, the possibility of a dramatically altered party system, the desire for more intimate ties with the European Community (EC), the further democratization of socioeconomic and political organizations and, indeed, the continued viability of a united South Slavic political expression.

Yugoslav institutional development began with devout adherence to the "Soviet model," with its standard bicameralism, its centralized command economy, its ideological democratic-centralist Communist party, and its bureaucratized states institutions.² After the constitutional founding (1946) and the passage of the Fundamental Law (1953), variance from the conventional Soviet-style model becomes immediately apparent.

Given charges by Yugoslav leaders that the Soviet Union was bureaucratized, state centralist and étatist and was withholding self-management decision-making authority from the workers, the directions of a "Yugoslav way" toward an even better socialist order became clear. Hence, with the 1950 law, "Workers Manage Factories in Yugoslavia," and the regime's firm commitment to a reversal of what were considered to be Stalin's Marxist errors in withholding decision-making power from the working class, the Yugoslav Communists were to offer the proletariat precisely what had been denied them by Soviet authority.³

The desire for direct worker (i.e., economic group) involvement in decision-making was highlighted further in the Council of Producers established by the 1953 Fundamental Law.⁴ The 1963 constitution saw the "corporatist" (i.e., group-based) model extended further as a representational form in the Yugoslav system, with the establishment of four chambers (Economic, Education and

*The author would like to acknowledge the assistance and cooperation of Kris H. Lou, doctoral candidate, University of Oregon, in fashioning and writing this article.

¹*Yugoslavia's Way—The Program of the League of Communists of Yugoslavia* (New York: All Nations Press, 1958), p. 130.

²M. George Zaninovich, *The Development of Socialist Yugoslavia* (Baltimore: Johns Hopkins University Press, 1968), pp. 50–57.

³See J.B. Tito, *Workers Manage Factories in Yugoslavia* (Belgrade: Jugoslavija, 1950).

⁴See *New Fundamental Law of Yugoslavia* (Belgrade: Union of Jurists of Yugoslavia, 1953).

Culture, Social Welfare and Health, and Political-Organizational) devoted to specified constellations of socioeconomic interest, one chamber (federal) reflecting territorial constituencies and one chamber (nationalities) addressing to regional-ethnic and religious aspects.⁵

As this group-interest feature of the political system became more apparent, so did the indirect system of representation as compared with the Westernized system of direct single-member constituency representation. This trend in the Yugoslav political order reflects the Communist regime's effort to give expression to features that seem more consonant with Marx's political theory.⁶ What followed were constitutional reforms that, during the 1960's, sought to integrate a sense of place with economically productive activity (i.e., the work community). The effect was to stress commune autonomy at the expense of both the republic and the federation.

Furthermore, this expanded the group-interest aspect of the electoral process to cover additional social, economic and political activity, while still emphasizing the federally binding networks of socioeconomic interests operating within regional ethno-cultural communities. While the 1971 constitutional changes had established a collective presidency within which all regions or ethnic groups took part, the new 1974 constitution established the principle of "groups of associated labor" (including the military and party members) as the basic electoral unit. Thereafter, the electoral process in Yugoslavia involved delegations selected indirectly as representatives to the next highest appropriate political organ.

Since the mid-1970's, there has been increasing concern that "liberalization" and "industrial democracy" may have gone too far, even to the point of being counterproductive to the attainment of "socialist" ideals.⁷ More recent reforms (government, economic and party) are apparently addressed to the demands of productivity and to the "liberal-democratization" and further "industrialization" of the Yugoslav system. Discussions pertaining to Western-style oppositional democracy and to the need for foreign investors have resulted in additional economic and constitutional reforms. In short, the Yugoslav political-economic order progressively portrays features of a democratic system with leadership accountability and a "market" entrepreneurship reminiscent of the liberal-dem-

ocratic Western experience.

Two major institutional changes of note have occurred since the beginning of 1989. One involves the precedents of ministerial responsibility and a government vote of no-confidence. The second is the passage of a new "republic" constitution in Serbia, extending the authority of the republic government over its own territory, encompassing the two provinces of Vojvodina and Kosovo. This development resulted largely from the populism among Serbians generated by the political style introduced by Serbian party president Slobodan Milosevic. The former addresses itself to the progressive democratization of the system (i.e., accountable leadership), while the latter reinforces the legitimacy of the territorial "nation" principle within the framework of the Yugoslav federation. The one will please Western tastes (the EC and the United States), while the other may well precipitate even more ethno-regional conflict.

The economic reforms that Yugoslavia has been undergoing in the last few years have dramatic implications for the system. It seems legitimate to ask what impact they will have on worker self-management, given the range of dramatic changes in the socioeconomic praxis that will follow the reforms. The Yugoslav system began with Yugoslav President Josip Broz Tito's commitment to a full enfranchisement of workers, Soviet-style (i.e., with workers nominally in control of all facets of socioeconomic-political decisions), although party cadres and state bureaucrats were to hold de facto control over all phases of the decision process.

However, given Yugoslavia's trade dependencies after the Soviet-Yugoslav break in June, 1948, the post-1948 strategy of economic survival required significant creative adaptation. Like similar systems, economic development was geared to the fulfillment of a five year plan, the first was initiated in 1946 and was scheduled for completion in 1951. Given disruptions caused by the 1948 split, the first five year plan was not completed until 1952 and the second five year plan was not initiated until 1957.

The Yugoslav focus on a new economy, decidedly at variance with that of Moscow (i.e., worker self-management and decentralization), initially resulted in further uncertainty and the disorientation of Yugoslav government behavior. Innovations in the economy had two major results—a shift in resource distribution and a change in the focus of economic decisions. In general, the effect was to shift questions from the federal decision-making center to the various regions; thus, ethno-religious distinctions and the disparate levels of development became more visible and relevant.

The net result was further to emphasize the

⁵Fred Singleton, *Twentieth Century Yugoslavia* (New York: Columbia University Press, 1976), pp. 145-147.

⁶Fred Singleton, *A Short History of Yugoslav Peoples* (Cambridge: Cambridge University Press, 1985), pp. 717-739.

⁷Bruce McFarlane, *Yugoslavia—Politics, Economics, and Society* (London: Pinter Publishers, 1988), pp. 194-211.

authority of the market for price-setting and economic decision-making. Another result was to reinforce the local regional, even parochial, basis for personal identity, while the policy of cultivating a "Yugoslav" (transregional) consciousness and identity as a product of hoped-for economic integration somehow failed. Indeed, the evidence suggests just the reverse, namely, a growing and more intense ethno-regionalism.

The economic reforms of the 1960's, designed essentially to bring the Yugoslav economy more nearly into line with European and global prices (while still holding fast to a worker-managed and decentralized economy), held a dramatic warning of what was to come. In a seemingly contradictory policy, the Yugoslavs tried, on the one hand, to expand worker control and local community authority, on the other, to open the system to the competitive pressures of the global market. In retrospect, this seems to have had two unfortunate consequences. It highlighted the inefficiencies of the worker self-management system; at the same time, it contributed to the prolonged cycle of an accelerating domestic inflation rate. In retrospect, the impulse to subject all forms of activity (health, art, welfare, education and so on) to the vagaries of the market seems inappropriate.⁸

These spheres of activity were not well managed in light of defined socialist or community purposes, nor were they able to generate the efficiencies and profits demanded by domestic and global markets. Hence, the contradiction became apparent and persuasive. Was Yugoslavia trying to mediate between two worlds, caught in the vice-like dilemma of global political-economic forces? Were Yugoslav ideals derived from a Marxist-socialist experience compatible with the level of material enjoyment demanded by the public? Seemingly, such a dilemma overshadowed not only Yugoslavia's, but all third world and transitional political economies.

The 1963 constitution, as amended in 1967, gave significant support for further development of economic and political authority both at the republic and at the communal levels of decision-making. Of course, all this was seen as appropriate policy, given the desire for a "market-socialist" economic system and the competitive capability of enterprises within the framework of the international economy. The effect was to continue regional-ethnic competitiveness and to reinforce local "economic self-interest" as a legitimate aspect of Yugoslav socioeconomic pluralism.⁹ The un-

pleasantly extreme result has been dubbed "regional autarky" controlled by "political mafiosi," with their self-serving materialistic and self-aggrandizing behavior, as defined and allowed by a decentralized political economic structure.¹⁰

Accordingly, the federation's attempt to initiate a new federal development fund was difficult to sell, especially to the more advanced northwestern regions. Inconveniently, while the industrialized northern regions lacked an adequate natural resource base, the less developed south had an insufficient technological knowledge base to exploit such natural resources. Somehow, the northern and southern regions needed one another.

This defined the Yugoslav system as a classical example of an environment caught in a first world-third world double bind: either its attitudes and policies were to remain contradictory or hard choices had to be made as to proper economic orientation. Until Tito's death, the choice as to orientation remained clear: Yugoslavia would honor its uniquely Marxist institutions and experience, and the authority of worker participation in decision-making would be maintained, while the integrity of local-regional working communities would be respected (despite ethnic militancy).

What became salient (and painfully visible) after this critical juncture was that self-managed Yugoslav enterprises were hard-pressed to compete economically on the world stage. As a result, workers (and consumers) became restless, given the promise of economic competitiveness and the failure of the system to live up to such expectations, reflected most clearly in runaway inflation rates and widespread economic strikes. System-wide debates and criticism pervaded Yugoslav society; there were charges that decentralization may have gone too far; that corruption was endemic to a worker managed economy; that strikes were the natural and inevitable way for the working class to express its demands and discontent; and that in a "workers' democratic" form, Marxism may not be a viable alternative in competition with Western-style capitalist enterprise.

To address these concerns, a range of economic reforms was developed during 1988, most taking effect on January 1, 1989. The main thrust of these reforms involved seeking fiscal legitimacy in the eyes of the European Community and the United States, and specifically responding to suggestions set forth at a number of OECD (Organization for Economic Cooperation and Development) meetings. This revealed an underlying attempt to curry favor with the first world (i.e., Western) economies, reflected in turn in Yugoslavia's desire to become an accepted partner in the EC.

Key measures in this process included allowing

⁸Ibid., pp. 121-131.

⁹Edvard Kardelj, *Pravci Razvoja Političkog Sistema Socijalističkog Samoupravljanja* (Belgrade: Komunist, 1977), pp. 90-101, 134-173.

¹⁰McFarlane, op. cit., p. 132.

foreign investment in Yugoslavia, permitting the appropriate management controls in relation to such investment, the repatriation of profits and revenues to foreign investors, an emphasis on the competitive "free market" for the purpose of price setting, de-emphasis on the centrality of worker self-management in the Yugoslav economic system and the centralization of political-economic decisions (as well as banking and investment) in the federation and the industrialized north. All these reforms, policies and strategies revealed the Yugoslav regime's rather transparent desire to acquire first world status.

POLITICAL-INSTITUTIONAL FALLOUT

After the early Yugoslav flirtation with Stalinist political institutions, Tito and his comrades set out to prove that Moscow had been wrong all along. Beginning with the classical Marxist view that all institutional-ideological forms must relate to actual historical-material circumstances, and Marx's rejection of the tendency of his followers to dogmatize his interpretation and perspective ("I am not a Marxist," Marx asserted), the Yugoslav regime tried to prove Moscow wrong by demonstrating pragmatically the virtues of the "Yugoslav way."¹¹ Institutionally, the Yugoslav leaders would show that they were truer to Marx's intent than were the Soviet leaders themselves.

The initial commitment was to institutionalize the process of turning the factories over to the workers, as Marx had intended, thereby establishing worker self-management. A second and related process involved the decentralization of decision-making (economic and political) to the commune level, which resulted in a system of regional social self-administration and generated a plethora of working communities. A third facet was the gradual replacement of a single-member constituency system of direct representation by a system of fully indirect representation based on groups of associated labor and working communities ("corporatist"); the provinces and the republics were given the responsibility of sending delegates to the collective presidency and to the chamber of republics and provinces. The net effect of the Yugoslav way was to strengthen the hand of regional ethnic components (expressed via nationality or associated labor) at the level of federal institutions.¹²

Fourth, with the transformation of the CPY (Communist party of Yugoslavia) into the LCY in 1957, the system progressively focused on "divorcing" the party from power (rejecting the twin hierar-

chy principle); stressing the LCY role of setting ideological guidelines and leading by example, as opposed to organizational or bureaucratic control; and rotating public office as reinforced by the non-succession rule, designed to maximize participation in Yugoslav decision-making structures.

Fifth, the Yugoslav preparation for the death of Tito could be found in the creation of the "collective state presidency," which had the virtue of perpetuating Tito's charisma as well as institutionalizing the partisan concept of *bratstvo i jedinstvo* (brotherhood and unity) within the makeup of ethno-regional delegations to the collective presidency.

Sixth, and finally, the recent (December 30, 1988) Federal Assembly vote of no-confidence in the government served to bring down Prime Minister Branko Mikulic and his Cabinet, a first-time ever resignation of ministerial office in Yugoslavia as the result of parliamentary censure based on the vote of elected delegates to Parliament.

As these processes develop, the Yugoslav political system increasingly projects an image to which the democratic West can relate. A not unexpected result has been that the Yugoslavs are more welcome in the various councils of the EC and in the Western world generally. The Yugoslav regime wants very much to receive the first world's stamp of approval and to walk hand in hand with the political-economic industrial core rather than the periphery.

SOCIAL IMPLICATIONS

The inevitable tendency of all socioeconomic systems, including the Marxist, toward elitism and a "privileged" structure has long been recognized by many writers, including V.I. Lenin and Milovan Djilas. With regard to Yugoslav developments, the key question is the extent to which such a "somber" prognosis applies to its innovations. Amid charges of managerial (or political) corruption, as well as flights into seclusion and a better life in West Europe (Switzerland, in particular), a series of forced resignations in regional leadership has occurred.

Over the years events have also shown that pressures for a "market" orientation, the introduction of foreign capital and ties with the EC have emanated primarily from the north-northwest (i.e., Slovenia, Croatia, Vojvodina), and less from southern areas of the country. This suggests that social structure (and societal division) seems increasingly rein-

(Continued on page 404)

M. George Zaninovich, the author of *The Development of Socialist Yugoslavia* (Baltimore: Johns Hopkins University Press, 1968), has written several articles on the Yugoslav leadership succession.

¹¹Wayne Vucinich, ed., *Contemporary Yugoslavia—Twenty Years of Socialist Experiment* (Berkeley: University of California Press, 1969), see ch. 7.

¹²Singleton, op cit., pp. 265–280.

BOOK REVIEWS

ON EAST EUROPE

CENTRAL AND EASTERN EUROPE: THE OPENING CURTAIN? *Edited by William E. Griffith.* (Boulder: Westview Press, 1989. 458 pages and index, \$35.00, cloth; \$16.95, paper.)

The focus of *Central and Eastern Europe: The Opening Curtain?* is the impact of Soviet domestic reform on Soviet relations with East Europe. Based on workshops sponsored by the East-West Forum, these essays include discussions of economic, military and security issues; technology transfer; human rights; developments in individual countries; and Western policies toward the region. Among the authors are Seweryn Bialer, Charles Gati, Michael Mandelbaum and Dominique Moïsi. Debra E. Soled

problems, its religion and its foreign relations.

D.E.S.

NICOLAE CEAUSESCU: A STUDY IN POLITICAL LEADERSHIP. *By Mary Ellen Fischer.* (Boulder: Lynne Rienner, 1989. 325 pages, notes, bibliography and index, \$42.50.)

Nicolae Ceausescu has been the leader of Romania since 1965. During the first decade of his rule, he came to be regarded as a hero, steering clear of Soviet domination and promising a bright economic future. At the same time, Ceausescu was consolidating power and creating his own "cult of personality." By the 1980's, Romania's economy and foreign relations were clearly deteriorating and political repression was demoralizing the population.

How Ceausescu came to power and what caused Romania's decline in the 1980's form the outlines of this political biography. External events and Soviet foreign policy played a role in Romanian developments, but Ceausescu's megalomania and his inability to adjust to changing conditions are most responsible for the shape Romania is in today. D.E.S.

COMMUNIST REGIMES IN EASTERN EUROPE. 5th edition. *By Richard F. Staar.* (Stanford: Hoover Institution Press, 1988. 369 pages, bibliography and index, \$11.95.)

In this fifth edition of his seminal work, Richard F. Staar provides a useful roundup of the countries under Communist rule in East Europe, as well as summaries of the current condition of their intrabloc political relations, their military integration (the Warsaw Treaty Organization) and their efforts at economic integration (Council for Mutual Economic Assistance, CMEA). Separate chapters discuss the individual states' government structures, ruling parties, domestic politics and foreign relations. With its tables documenting the changes in the societies, economies and Communist parties of East Europe, this volume concisely covers the subject in a well-organized format. D.E.S.

GDR AND EASTERN EUROPE—A HANDBOOK. *By the German Institute for Economic Research. Translated by Eileen Martin.* (Aldershot: Avebury, 1989. 383 pages, \$64.95.)

This collection of articles by West German academics begins with a sector-by-sector analysis of the East German economy, and expands to a broader examination of all the economies of East Europe—both individually and as members of CMEA. Such detail and perspective add significantly to scholarship in an area for which data is often difficult to obtain. D.E.S.

THE IMPROBABLE SURVIVOR: YUGOSLAVIA AND ITS PROBLEMS, 1918-1988. *By Stevan K. Pavlowitch.* (Columbus: Ohio State University Press, 1989. 167 pages and index, \$25.00.)

This overview traces the surprising survival of Yugoslavia as a country against the odds of its turbulent past, its divided ethnic components and its external pressures. Pavlowitch finds that the crisis in Yugoslavia rises directly out of the forces that formed the Yugoslav state in 1918. His discussion ranges from the early years of monarchical rule to the career of President Josip Broz Tito and post-Tito political developments, with an analysis of Yugoslavia's nationalities

MISCELLANEOUS

SEVEN YEARS IN FRANCE: FRANÇOIS MITTERRAND AND THE UNINTENDED REVOLUTION, 1981-1988. *By Julius W. Friend.* (Boulder: Westview Press, 1989. 249 pages, bibliography and index, \$34.95.)

In *Seven Years in France: François Mitterrand and the Unintended Revolution, 1981-1988*, Julius W. Friend chronicles the last decade of Socialist government in France. After his election in 1981, President François Mitterrand, contrary to ex-
(Continued on page 409)

ARMS CONTROL IN EUROPE

(Continued from page 372)

address to the United Nations on December 7, 1988, announced a series of unilateral reductions in the manpower strength of the Soviet armed forces and the withdrawal (with subsequent disbandment) of six tank divisions from East Germany, Hungary and Czechoslovakia. Whatever the final significance of these moves, they could at least be read as an earnest of interest on the part of the Warsaw Pact in conventional stability at a lower level of forces. With the conclusion of the INF treaty, the Soviet Union had already accepted two principles that it had hitherto strenuously resisted—asymmetrical reductions and on-site inspection. In the first round of the CFE negotiations, there was agreement once more on asymmetrical reductions to below existing levels and the elimination of capabilities for launching a surprise attack, with the Warsaw Pact agreeing that this included (must include) main battle tanks, artillery and armored troop carriers. But if there was agreement on establishing a comprehensive verification system, the Warsaw Pact could not contain its dissatisfaction over the lack of provision for tactical aircraft and combat helicopters.¹⁷

Warsaw Pact diplomats insisted that "tactical combat aircraft," combat helicopters and personnel would be subject to special treatment and proposed limitations, working also on their own figures for subceilings that fitted with the Pact's regional subdivisions of Europe and for limitations on forces stationed outside their own territory. Fresh impetus to the CFE process was supplied by the initiative taken by United States President George Bush at the summit meeting of Allied Heads of State and Government in Brussels in May.¹⁸ An earlier negotiating concept was expanded to embrace reductions in helicopters and land-based combat aircraft in Europe, with President Bush offering a reduction of 15 percent in NATO's transport helicopters and combat aircraft, bringing the helicopter force down from 2,419 to slightly more than 2,000 and combat aircraft from 3,977 to 3,380, with these reductions spread variously among NATO's member states.

¹⁷Army General V. Lobov, Chief of Staff of the Warsaw Treaty Armed Forces, in *Krasnaya Zvezda*, April 29, 1989. English text in *SWB*, Part I, May 4, 1989, under USSR, SU/0450 A1/2. Senior Soviet commentators are presently stressing the need for naval arms reduction: Marshal Akhromeev, testimony to U.S. Congressional Committee on the necessity of "naval reduction talks," *International Herald Tribune*, July 22-23, 1989.

¹⁸"A Comprehensive Concept of Arms Control and Disarmament." Adopted by Heads of State and Government, North Atlantic Council meeting, Brussels, May 29-30, 1989. Documentation, *NATO Review*, June, 1989, pp. 22-27.

¹⁹Ambassador Rudiger Hartmann, *NATO Review*, loc. cit., p. 12.

Numbers alone, however, can scarcely eliminate all the complexities inherent in those "definitional problems" related to combat aircraft, particularly when specifying their offensive and defensive roles: among the "strange ideas" entertained by the Warsaw Pact with respect to categorization is the notion that aircraft carrying air-to-air missiles must be considered "defensive," while the NATO plan makes specific provision for the retention by Great Britain and France of their own dual-purpose aircraft to execute missions connected with their respective independent nuclear deterrents.

In pursuit of conventional stability at much lower force levels, President Bush has proposed parity for non-nuclear forces within each alliance system, based on a manpower figure of 275,000 for each (involving a 20 percent reduction in United States manpower stationed in Europe, with 65,000 men to be demobilized rather than reassigned). Soviet reciprocity would require a fivefold reduction and the demobilization of some 325,000 men, not to mention the destruction of almost 90,000 weapons. While President Gorbachev has publicly affirmed the principle of parity, suggesting a figure of 350,000 for men stationed on foreign territory, Soviet officials are clearly disturbed not merely by the scope of the reductions but also by the timetable envisaged in President Bush's proposals. (This timetable owed its origins in the first instance to the attempt to produce a compromise within NATO, principally between West Germany and Great Britain, over the question of negotiating with the Warsaw Pact on short-range missiles.) The promise of a quick agreement—hence the timetable problem—on conventional forces was used to justify deferring talks on short-range missiles. Those talks were to wait on the reduction of Warsaw Pact forces; and the removal of any missiles from West Germany was to wait in turn on the attainment of parity between United States and Soviet forces. NATO's March, 1989, negotiating concept had predicated an agreement on United States—Soviet parity within the framework of between 6 and 12 months, with the reductions themselves to be carried out by 1992 or 1993.¹⁹

Originally, Soviet officials had taken the view that NATO should not delay talks on the issue of short-range nuclear weapons until 1991 and should not postpone force reductions until 1993. Recently, however, a different note has been sounded. The Soviet position did not entirely discount the feasibility of reaching an agreement on the timetable outlined by President Bush—six months to a year from September, 1989—but questioned the reality of 1993 as a target for the physical destruction of a mass of weaponry plus the resettlement of men from a hugely displaced military establishment.

Lieutenant General Viktor Starodubov, head of the disarmament section of the Central Committee of the Soviet Communist party, did not dismiss the idea of actual agreement out of hand but questioned the notion that the 1993 deadline could be met, mentioning 1996 or 1997 instead. Meanwhile NATO's final figures were submitted on July 13, giving Warsaw Pact agencies more time to digest the figures and their implications before CFE negotiations resumed on September 7, time also for reservations to mount and misgivings to develop.

But it is becoming clear that both sides are anxious for an early agreement. That much at least was apparent from President Gorbachev's approving comments in Bonn in June, 1989; a practical manifestation of this urge for speedy progress was the establishment of two working groups, one assigned to specifying categories of forces to be included, formulating counting rules and the information-verification process, the other to investigate actual reductions and limitations connected with both ceilings and subceilings.²⁰ This is more than a token that very considerable progress had been made, but it is also a measure that there is considerable distance to go, particularly in the matter of verification and monitoring, the scale of which clearly surpasses anything seen or attempted hitherto.

The test will come not simply in the text of an agreement but in the performance of its stipulations. Aircraft and combat helicopters seem to present a singular problem, given their great mobility: even solving that problem by the actual destruction of machines is fraught with the problem of cost. General Starodubov apparently has a valid point.

That transformation in the European security scene has yet to materialize, although the CFE negotiations mark substantial progress. Some worst fears have not materialized. West Europe is not on the road to total denuclearization; NATO's flexible response is not yet hopelessly impaired; and the Warsaw Pact seems seriously embarked on negotiation. To its credit, CFE has avoided the data impasse that paralyzed previous negotiations. The key is the verification of force levels prescribed by possible agreements rather than according to existing force levels; clearly verification and monitoring techniques must command not only greater attention but also greater resources. Equally, and this applies perhaps essentially to the Warsaw Pact, clarification is needed on the question of what constitutes an unambiguous defensive posture and what military structure or structures should attend it. As for an actual agreement within a reasonable time span, Stephen J. Ledogar, chief United States delegate to the CFE negotiations, is apparently correct — it is "do-able." ■

²⁰Ibid., p. 12.

HUNGARY

(Continued from page 384)

become, after a hiatus of a half a century, part of West Europe once again.

All this is promised, but it is not yet a fact; although some 15,000 Soviet soldiers have already left, nearly 50,000 are still in Hungary, and Hungary is still a member of the Warsaw Pact and its political alliance system. Today, there is little of the virulent anti-Sovietism that was so evident in 1956 in Hungary (when the quest for freedom became entangled with the demands for independence).

Hungary's relations with Romania and Czechoslovakia are more important. The cultural genocide perpetrated by Romania's General Secretary Nicolae Ceausescu against the Magyar minority in Romania is a crime, only a notch above crimes he commits against his own people. Hungarians in Romania are oppressed both as citizens of Romania and as Magyars. Their houses, towns and villages are uprooted and bulldozed; their culture and language are destroyed and they flee to Hungary in staggering numbers. Yet Hungary cannot act against the mad dictator who is willing to ruin even his own people in the quest of an incomprehensible dream. The "Magyar menace" is the only tool Ceausescu can exploit. Foreign Minister Gyula Horn and the HSWP deputy department head for foreign affairs, Csaba Tabajdi, have repeatedly condemned Romania as a nuclear menace, a threat to peace, a violator of the Universal Declaration of Human Rights and the Helsinki Agreement.¹⁷ But Hungary's opportunities for concrete actions against Romania are limited.

Hungary's relations with Czechoslovakia are nearly as bad; in both states strongly anti-reform, neo-Stalinist regimes are in control. Czechoslovakia's leaders are swimming against the tide of reform and realize that the next "outbreak" of reforms may replace a conservative elite in Czechoslovakia. The issue of the Bos-Nagymaros dam remains an extremely sore point in the relations between Hungary and Czechoslovakia. Some facts apparently support the Czechoslovak contractual claim. Hungary's previous leaders signed a foolish and dangerous commitment to build the dam in the only scenic spot on Hungary's Danube River. Hungary's energy needs will be met only minimally by the projected dam — the costs of the environmen-

¹⁷Csaba Tabajdi, in fact, was suspended by the Central Committee on June 23, 1989, for calling attention to the fact that Hungary is threatened not from the West but from the southeast, e.g., Romania. See *Magyar Nemzet*, June 24, 1989, p. 3. For Horn's interpretation of Romania's "nuclear menace," see *Magyar Nemzet*, July 10, 1989, p. 1. Horn's inferences about Romania's "nuclear threat" already negate the legitimacy of disciplinary action against Tabajdi.

tal damage, the destruction of the natural beauty and the emotional trauma certainly outweigh the benefits. But the dam is half completed and violating Hungary's commitment would be difficult. Although the regime suspended construction in May, 1989, and although nearly everyone except the heavy industry-energy lobby is openly opposed to the dam, Hungary's relations with its northern neighbor are exacerbated by the issue.

All these problems rekindle the fear that a new Little Entente (Romania and Czechoslovakia, without, of course, Yugoslavia) could again threaten Hungary's very existence. Unless some international guarantees can be secured against Soviet retrenchment or a Czechoslovak-Romanian attack, Hungary must maintain friendly relations with all its neighbors. With its minimally competent army that is expected to be reduced by nearly half by 1990, Hungary cannot defend itself.

More optimistic is Hungary's cordial relationship with the reformist elite in the Soviet Union. Deeply preoccupied with *catastroika* at home, Gorbachev is not inclined to deal with the petty problems of East Europe. Moreover, he and his liberal supporters may well undertake reforms that are patterned on Hungarian reform theories. And, finally, Moscow appears to be convinced that socialism can be saved in Hungary with Imre Poszgay at the helm. In the era of Soviet-American cooperation, democratic Hungary may be viewed by the West as proof of the sincerity of efforts to end aggressive communism; crushing Hungary's efforts might send Soviet-American relations back to the cold war era or end the Soviet quest for technical modernization.

In contrast to the problems in Hungary's East European foreign policy, its relations with the West have never been evaluated more optimistically. United States President George Bush, French President François Mitterrand and West German Chancellor Helmut Kohl are just three of the many heads of government visiting Hungary in 1989. All these governments plan to offer economic and investment incentives to Hungary and to help in financial, technical and technological areas. Hungary is also being invited to participate in the deliberations of the Council of Europe and voluntary organizations that are offering support as fast as Hungary can absorb it.

But in order for Hungary to become a part of developing Europe, it must first dismantle the bur-

¹⁸In 1982, such a "minimum" was defined as Ft2,000; "in 1989, not only the smallest pension but even the lowest wages were vastly below that level." Leonora Mork, "Let-lelet," *Világ*, June 22, 1989, p. 20.

¹⁹Istvan Lazar, "A szolított ordog," *Nepszabadság*, June 14, 1989, p. 7.

²⁰Mihály Bihari, "Közvetlen politikai feladatko az atmeneshez," *Világossá*, May, 1989, pp. 380-381.

eaucratic institutions, habits and reactions that have been the mark of the police state that has been in existence for more than four decades.

To dismantle that police state peacefully seems an awesome task; its success depends largely on whether Hungarian society can tolerate the stress exacerbated by the economic crisis. At present, the prospects for such a peaceful transformation seem dim. Indeed, the infrastructure of Hungarian society is as close to the breaking point as the Hungarian economy.

Dislocations will entail widespread unemployment. Miners and steel-industry employees, shipbuilders and construction employees will face layoffs. Industrial regions where the heavy concentration of these industries is most evident will be especially hard-hit. As unemployment grows, so will social tension, strikes and economic misery.

Today, poverty is widespread in Hungary, even if foreign diplomats and well-meaning journalists consistently fail to take note of it. Because of the rapid devaluation of the forint, the almost 20 percent inflation for several years in a row and the huge rise in housing costs, by conservative estimates at least 40 percent of the people live under the "social minimum" wage required for daily existence.¹⁸ At least half of all Hungarians today live in poverty; almost 40,000 are homeless in Budapest alone.

In the 1940's, Hungarians talked about the war; in the 1950's they talked about the revolution, in the 1960's, about sex and football, in the 1970's about economics and consumer goods, but since the mid-1980's everyone talks only about politics. Paradoxically, talking and writing about politics is safe; a new political journal of some sort appears with some regularity, without censorship and without an impact on the daily life of most people.

And, naturally, all the old miseries are present in heightened form; nationalism, anti-Semitism, anti-gypsyism, anti-richism, anti-communism, anti-, anti-, anti.¹⁹ This is not surprising in a state that has been driven to the brink of economic disaster; the transformation of political life into a Western, market-based, democratic, pluralist system remains the only hope of avoiding total collapse, tragedy and bloodshed.²⁰ However, most Hungarians are not convinced that they should place their hopes in such a transformation. Instead, most of them—hunkering down for a long siege—are content to sit back, watch and wait. ■

EAST GERMANY

(Continued from page 388)

Germans of the horrors of life in the West. One example of this is the (only) women's magazine, *Fuer Dich*. In its April, 1989, issue, it described West German society as without scruples, without hope,

without work and without a future. In another issue, it told a story in words and pictures of Hannelore P., who had gone West for the sake of her West German lover but who had returned to Leipzig after only seven months in Bremen. In contrast, the magazine presents life in North Korea as being very desirable.

The East German press gives the impression that there is concern that too many members of the technical elite are either planning to leave or are very dissatisfied. *Der Morgen* (July 21, 1989), the organ of the satellite Liberal Democratic party of Germany (LDPD), carried an interview with one of the LDPD's leading members, Witho Holland, in which the situation of the intelligentsia was discussed. In effect, he promised that there would be a new evaluation of the importance of scientists, technicians, engineers and "leading cadres." He also emphasized that a greater effort must be made to ensure that wages and salaries reflect actual achievement, because "socialist society is a society based on achievement." He stressed the importance of the artisans—skilled electricians, mechanics, plumbers, tailors, carpenters, builders and masons—who are in short supply in East Germany. In recent years, these groups have been encouraged and so have the parties that oversee them. After reaching a low of around 310,000 in 1961, increasing, then falling to 340,000 members in 1975, their total membership rose to around 469,000 in 1987.¹⁸ It is virtually impossible to open a private business or succeed in industry or the professions without belonging to one of these parties (or to SED).

Holland's promises are hardly likely to change the depressed climate of opinion in East Germany. Most observers want to see what actually happens. Recent events have not been encouraging. It is true there has been some relaxation in the cultural sphere.¹⁹ But the close identification by the SED with Cuba, Czechoslovakia, North Korea, Romania and, above all, China has dashed the hopes of those looking for a sign that better times are coming. The recent local government "elections" were also a blow to those looking for greater political honesty in East Germany. There have been widespread allegations of fraud.²⁰ All the SED was prepared to concede was that there were a few more opposition votes—141,845 or 1.15 percent, according to *Neues Deutschland* (SED) (May 10, 1989)—than usual. Those who are looking for a

Gorbachev-style figure to replace the aging Erich Honecker (born in 1912) are finding little comfort.

THE FUTURE

The twelfth party congress is set for 1990. This would be a good time for Honecker to give up his party post on the grounds of age without too much loss of face. Who would replace him? Egon Krenz (born in 1937) is one of the key contenders, on the grounds of his present position as SED secretary for security, his previous job as head of the Free German Youth (FDJ) and his relative youth. But it is said that he does not get along with Gorbachev.

That change at the top must not be too far off is clear when it is recalled that most of the top party figures are well over 70. As the SED moves towards its twelfth congress in 1990, many ordinary members will be looking for a change that will herald a more mature form of socialism, with or without Honecker. They agree with their party comrade, the writer Stephan Hermlin, who said recently that they need glasnost, above all.²¹ It seems unlikely that the regime can continue to resist such calls for long.

CZECHOSLOVAKIA

(Continued from page 392)

Africa and expressing hope that Czechoslovakia's predicament is not yet that serious.¹⁸

Environmental deterioration is exacting its toll on public health. In terms of average life expectancy, Czechoslovakia dropped to twenty-fifth place among 28 European countries monitored. Lung cancer causes more deaths in Czechoslovakia than in any other European country. (Czechoslovaks, both men and women, are also Europe's number one smokers). According to a study in 1986, two-thirds of the population are afflicted by chronic diseases.¹⁹

The monopoly of a single political party has proved to be an expensive error that has led to a profound crisis. Various vices are dissecting the decline of societal mores: the lack of consideration in interpersonal relations; the meanness of spirit that triggers anonymous poison pen letters; indifference and neglect with regard to public affairs and endemic dishonesty. The continuously increasing divorce rate, juvenile delinquency, vandalism and drug abuse—until recently considered the sole province of the decadent West—contribute to the nation's worries.²⁰

¹⁸*Mladá Fronta*, January 23, 1989, p. 2.

¹⁹*Mladá Fronta*, February 8, 1989, p. 2; *Práce*, February 4, 1986, p. 3; *Hospodářské Noviny*, July 29, 1988, p. 3.

²⁰*Holo Sobota*, January 24, 1987, p. 1; *Tribuna*, July 30, 1986, p. 4; *Tvorba*, June 24, 1987, p. 20; *Svobodné Slovo*, March 18, 1986, p. 3; *Mladá Fronta*, November 14, 1986, p. 4.

¹⁸Fischer, op. cit., p. 207

¹⁹Guenther Ruether, "New Thinking in East German Cultural Policy?" *German Comments*, July, 1989. See also Margy Gerber, "'Glasnost ohne Glasnost': Cultural Policy and Practice in the GDR," in *Politics and Society in Germany, Austria and Switzerland*, vol. 1, no. 2 (Winter, 1988).

²⁰*Die Welt*, May 9, 1989.

²¹*Der Spiegel*, February 9, 1989.

Theft and dishonesty have not been among the hallmarks of traditional Czechoslovak culture. In the post-invasion period, however, corruption started to blossom in various forms. Should the society or the corrupting system be primarily blamed? The leading cadres are blatantly enriching themselves; the standards of civility are debased.

Real socialism, according to critics, has no place for idealists. "Revolutionary ethos and terror gave way to dull immobilism, alibiism, bureaucratic anonymity and spiritless stereotype," writes Václav Havel, the internationally recognized Czech playwright.²¹

Havel was among the founders of the Charter 77 movement, named after a document issued in 1977 in Prague and signed by several hundred individuals—former victims as well as former potentates of the regime. Charter 77 is a unique document because it appeals to the government to abide by the Helsinki human rights agreement and to honor its own laws. The movement issues position papers on various topics of urgency like the housing shortage, discrimination in schools, employment and travel, treatment of the Gypsy minority, ecology and the like. The authorities officially refuse to engage in any dialogue with the founders of Charter 77, yet on more than one occasion (e.g., environmental issues) they have adopted the recommended steps.

Charter 77 has refused to assume the role of a political opposition. Its members dislike the label "dissident." Instead, they engage in building a parallel culture, a parallel with its own samizdat publications, home seminars and home theater performances.

Unlike Poland, a country with a great conspiratorial tradition where the nation identifies with the challengers of the status quo, the dissidents in Czechoslovakia have thus far been largely isolated. As the saying goes, behind the Polish Solidarity stand millions of people, behind the Czechoslovak Charter, millions of ears.

The introduction of glasnost and perestroika in the Soviet Union gave a great boost to the dissidents and led to great distress within officialdom. The antiestablishment groups support the current Soviet political course but realize that Gorbachev faces a plethora of his own problems and that the Czechoslovaks must ultimately be responsible for their own future.

In 1988, the presidium of the party's Central Committee issued a letter, addressed to the party

cells, in which it warned about "the increasingly active forces of internal and external enemies of socialism."²² In addition to Charter 77, the letter specifically mentioned the VONS (Committee for the Defense of the Unjustly Persecuted), the Committee for Ecology, the Society of Friends of the U.S.A., the Jazz Section (with a membership of tens of thousands) and the Catholic Church.

In the meantime, new groups have sprung up—the Movement for Civil Freedom; the Democratic Initiative; the Initiative of Social Defense; the Club for Socialist Renewal; the Czechoslovak-Helsinki Committee; the Independent Peace Group; the Peace Club of John Lennon; Czech Children; and, presumably, others.

In addition to activities like samizdat publishing, new forms have emerged, like the clubs of Friends of Soviet Perestroika and the Readers Club of the Soviet Press (what ironic and poignant evidence of the current state of affairs), and a letter-writing campaign to the deputies of the Federal Assembly, the constitutionally de jure supreme ruling body. Because their addresses are not publicly available, the letters are hand delivered, providing an opportunity for sometimes beneficial personal encounters.

Activism in one organization does not preclude membership in another. Because Charter 77 refused to assume the role of an opposition force, some of its prominent members founded the Movement for Civil Freedom on October 15, 1988, simultaneously in Prague, Brno, and Bratislava. Its manifesto is far from timid. According to the preamble,

We are living in times of deep moral decay of the entire society. . . . We are slipping economically and technologically. . . . Our environment is an increasingly repulsive one, some members of the younger generation leave their native land with disgust; our country, in the past one of the most advanced in Europe, has become one of the most backward.

There is a reference to the Czechoslovak tradition of pluralistic democracy and a rejection of the constitutionally guaranteed leading role of the Communist party. The governing ought to be in the hands of those who earn the public trust, according to this group.²³

When the year 1988 approached, a government spokesman announced, "nothing unusual is expected." That was also the expectation of the nation at large, dissident groups included. Everyone was caught by surprise. To commemorate and to protest the twentieth anniversary of the Soviet invasion, in August, 1988, a crowd of 10,000—mostly young people—assembled at the Vaclavské Square, the symbolic focal point of the city and the country.

²¹Essay, by Václav Havel, published by *Svedectví*, no. 81 (1987), pp. 21–43.

²²*Listy*, September, 1988, pp. 21–25.

²³*Listy*, December, 1988, pp. 3–7; *Rudé Právo*, October 22 and 31, 1988.

This spontaneous gathering was not a solitary incident. Similar demonstrations were repeated in October to commemorate the founding of the democratic republic in 1918.

The expression of public discontent culminated in January, 1989, in connection with the twentieth anniversary of the death of Jan Palach, a student who committed suicide by self-immolation to protest the occupation.

The unprecedented assemblies and the demands for freedom and the denunciation of party oppression lasted for five days and offered evidence of an altogether unexpected phenomenon — the decline of fear, an accelerated loosening of the psychological grip of the state machinery. Several factors contributed to this development, notably, the overall feeling of frustration and humiliation over the deteriorating state of the economy and society, and the changes in three neighboring socialist countries — Poland, Hungary and, principally, the Soviet Union.

In early 1989, the demonstrators did not engage in any destruction, vandalism or tossing of Molotov cocktails, yet the government responded with disproportionately brutal police force. Those laying flowers were attacked by special commando units wielding truncheons and water cannons. Scores were injured and arrested. "A school of hatred that turns gentle people into mean ones," observed the prominent dissident writer Ludvík Vaculík. He continued: "Now, our young people have got a reason to be angry personally and concretely, and this is something we should welcome. Therefore, proceed in the same way, government!"²⁴

In addition to radicalizing the indifferent and heretofore politically uninvolved citizens through the application of indiscriminate force, the government redefined the criminality of peaceful assembly. According to a hastily adopted edict, an individual's passive presence in the vicinity of an unauthorized gathering was to be regarded as a criminal act.

Civil disobedience had to be presented to the nation at large in an ideologically acceptable fashion. The propagandists revived the hoary charge of conspiracy engineered from abroad. For that purpose a trial was staged, with the playwright Havel chosen as the main culprit, accused of anti-state plotting. All the accused were found guilty and the state won a victory that it was soon to regret.

Whereas in 1977, in reaction to the foundation of Charter 77, thousands of artists, scientists and ordinary citizens in all walks of life were forced to sign a so-called Anti-Charter (the condemnation of a document they were not allowed to read), this time

citizens seized the initiative. In this first genuinely political act since 1969, over 1,000 people (among them former signatories of the forcibly extracted Anti-Charter) signed a statement protesting Havel's arrest and vouching for his integrity. The media did not publish their names but they became known through foreign broadcasts.

Despite its constitutionally guaranteed leading role in society, the party failed to lead. No official media outlet engaged in a vilification campaign. Instead, publicity was given to letters from indignant hard-liners, local party cells and especially to a letter produced by a gathering of 500 prewar party veterans. Instead of their usual embittered bellicosity, they merely expressed "regret that some members of our culture and science for a variety of reasons have added their voice not on the side of progress."²⁵

In the jubilee year 1988, activism increased, fear declined and initiatives and challenges, until then unknown, began to vex the establishment. A group of factory workers petitioned the Prosecutor General to initiate criminal proceedings against the hard-liner Bilak for high treason committed in 1968. In Usti, the provincial capital of north Bohemia, an explosion wrecked the offices of the party and the government. False telephone threats disrupted both commerce and transportation.

By far the most striking demonstration of public activism focused on the precarious status of the Roman Catholic Church. In December, 1987, a group of Moravian Catholics launched a 31-point petition calling for religious freedom. The initiative met with a strong response (especially in Slovakia), and more than 600,000 signatures were collected.

Instead of trying to attract a wider circle of concerned citizens, the establishment pursues the path of growing self-exclusion. Any unauthorized initiative is viewed as a threat to the privileged position of the *nomenklatura*, and therefore becomes an alleged threat to the very foundations of the socialist order. Any effort of the unofficial structures to carry on a constructive dialogue continues to be categorically rebuffed. The gap between the establishment and society is growing; so is the parallel society.

PROSPECTS AND PROGNOSIS

Foreign visitors frequently compare Czechoslovakia with an empire in its final phase — hesitant, vacillating between inconsistent half-hearted reforms and increased repression, often applied simultaneously. This reactionary maneuvering is out of touch with the ferment and the genuinely reformist initiatives in the region. Czechoslovakia has clearly become an anachronism (some dub it Anachronistan); except for East Germany, this post-totalitarian holdover is surrounded by three

²⁴*Americké Listy* (New York), September 25, 1988, p. 7.

²⁵*Rudé Právo*, March 18, 1989, p. 2.

modernizing one-party states (Poland, Hungary and the Soviet Union) and two pluralistic democracies (West Germany and Austria). It is most unlikely, however, that a country with a democratic tradition will remain out of step for very long.

Nonetheless, should a Czechoslovak Gorbachev, a genuine modernizer, appear, he would face the awesome task of moving the country back onto the right track. More optimistically inclined observers point to the precedent of 1968, when there was an outburst of good will and creative energy in a euphoric nation. ■

YUGOSLAVIA

(Continued from page 396)

forced by regional ethno-cultural dimensions, namely a first-world-oriented north and a third-world-oriented south, a political economic core and a periphery within the framework of a unified Yugoslavia.¹³ The prognosis for stability of the Yugoslav system would be somber indeed, should hierarchy, division and privilege be reinforced by regional ethno-cultural dimensions. And surely, many observers would ascribe this to the earlier (1970's) excesses of decentralization and local commune autonomy. The concept of a "self-management political pluralism" was an appropriate policy response to this problem. The party position was that the "shared" concern and orientation of the workers would effectively mitigate against any such conflict.

All the figures, it seems, are not in yet. From a scientific observer's perspective, one must watch the inexorable flow of events. Those who are charged with policy and decision-making responsibility in Yugoslav society will play a determinative role. Meanwhile, the tensions between the horizontal dimension of regional ethno-culture and the vertical hierarchy reflected in economic productivity and efficiency, reinforced by regional concerns, will more than likely continue.

INDIVIDUAL MOTIVATION

What is the impact of the tension between the market and work-based orientations on the individual's motivation? In other words, how are various individual associational motivations affected by external pressures toward a market-based, individualistic orientation? The outcome of this conflict deserves close attention, given the pivotal institutional role worker self-management has played in the Yugoslav system.

The use of the term "associational motivations" refers to psychological perspectives like ethnic, religious and communal identities. These diverse

identities represent both competing and complementary motivations toward "acceptable" modes and objectives of behavior. The success of the institution of worker self-management is due in large part to the degree of dominance working-community motivations have held over other sociopolitical motivations (ethnic, religious and so on). For example, under the system of self-management the work objective theoretically focuses on the process itself.

This emphasis on the process allows for an interchange of control and adaptation between manager and worker. Authority functions in both directions—the worker's "subjective" authority is recognized as well as the manager's "objective" authority.

It is clear, however, that the tension between the working-community orientation and associational motivations has remained. The persistence of this tension can be explained by at least two general observations. First, industries, particularly industries in the southern provinces, have failed to provide the necessary basic needs. The more than 500 percent inflation rate is alarming evidence of this trend. In short, if workers perceive failure in this area, no amount of personal worth generated through participation in workplace decisions will offset the dissatisfaction generated by the lack of basic material goods.

A second observation can be offered as an explanation for the persistent tension between working-community and associational motivations. The theoretical assumption underlying worker self-management is weak. It is possible that the emphasis on decisional participation, democratic control and the equal distribution of authority within the workplace is misplaced, and that the resulting degree of satisfaction is insufficient. The underlying reasons for the mixed success of self-management are less important than the actual condition of the system itself. As it is, the system is not providing the intended psychological rewards. Accordingly, workers feel less connection to the work community. Under such conditions, a market-based, individualistic orientation is more readily accepted at the expense of the reduced or negated authority of the worker and the community.

This leads to a grand risk hinging on observable economic improvement, not unlike the present tightrope "crawl" of perestroika in the Soviet Union. Interestingly, the Yugoslav leadership once again may learn from Soviet errors and thereby avoid, or reduce, the effects of inevitable pitfalls associated with any major political and economic change.

It may be argued that a successful, liberalized economy (i.e., observable, consistent economic improvement) will provide the added benefit of subordinating competing and conflicting motivations,

¹³See C. Furtado, *Accumulation and Development* (New York: St. Martins Press, 1983).

like ethnic and religious differences. In other words, under successful economic conditions the individual will tend to focus his energies on securing rights vis-à-vis the state, rather than allowing the enduring differences of race and culture to interfere with the increasing flow of disposable income. In this sense, the liberal democratic order serves the same function as the work-community orientation, but more efficiently.

The new Yugoslav regime of Prime Minister Ante Markovic seems to provide (as suggested by the term "New Socialism") a certain solace for those interested in individual achievement, individual rights and liberties, and the "even-handed" judgment of the free market. This perspective also promises "greater democracy," while seeking to retain "a new kind of self-management socialism."¹⁴ The goals that this sets are admirable and the task of reconciling contradictions is Herculean. One result of these trends has been the appointment of a new, more limited government, with a clearer and more energetic focus on promoting the market's role, stressing economic efficiency and expanding political democracy.

Meanwhile, the desire to attract foreign investors proceeds, and the European Free Trade Association (EFTA) and the EC continue to encourage further involvement by Yugoslavia in the political economy of the first world. Finally, it should be noted that as issues and various pressures build, the fourteenth party congress scheduled for December, 1989, promises a lively and significant dialogue.

CONCLUSION

Varying current perspectives on Yugoslavia all seem to speak of "crisis." Leadership circles note that Yugoslav society has shed its image of a politically monolithic system and that it is moving forthrightly in the direction of a pluralistic democratic order. Because they are stressing a market economy and the role of individuals as agents of socioeconomic change, the Yugoslavs have increasingly received messages of encouragement from the EFTA and the EC. The impact of these trends is expressed most concretely in the 60 or so contracts resulting from a law allowing foreign investment.

In light of Yugoslavia's desire to accommodate the West, there has been a basic shift in the leadership's political-economic ideology. The economic reforms are easily characterized as moving toward a "liberal democratic" environment. Despite this, the basic institution of worker self-management is to

remain, including the basic structure of socialist values that stress the virtues of participation and collectivized efforts. It remains to be seen how the emphasis on the market, profit, individualism and competition will mesh (or clash) with established Yugoslav socialist norms. Put simply, the Yugoslav system is moving toward emphasizing the material benefits of the work process at the expense of the humanizing virtues of the work process itself.

This development, however, will not necessarily result in a backlash or a reassertion of workers' rights to decision-making power within a collective self-managing format. On the contrary, given visible economic improvement (particularly in the impoverished south), basic economic and political reforms may well gain widespread support. Further, the emphasis on individual achievement and the material improvement of daily life could well subordinate ethnic and regional divisions. ■

POLAND

(Continued from page 376)

sion.¹⁶ The new legislation granted freedom of religious practice and permitted the Church to offer health care, education and social services in prisons. The law normalized relations with the government, which had been disrupted in 1944 when the Communists seized power and broke the prewar concordat with the Vatican.

The Church is now authorized to own property, sign contracts and engage in business. Prime Minister Rakowski acknowledged that the Roman Catholic Church had been unjustly persecuted in the past and paid tribute to "our great countryman," Pope John Paul II. He also admitted that most of the Polish population consisted of believers and that these are the people who would be building socialism in Poland.¹⁷ Giving the Church legal status also made it possible to establish diplomatic relations with the Holy See on July 17, 1989. Support by the Roman Catholic hierarchy will obviously help the coalition regime in its efforts to obtain financial aid from West Europe and the United States.

THE ELECTIONS

In Poland, nationwide balloting for Parliament took place in two stages. During the first round on June 4, Solidarity candidates won 160 of the 161 seats allotted to them in the *Sejm* (see Table 1) and 92 of the 100 seats in the Senate, for which 553 candidates ran. Even when Communists were unopposed, the electorate denied them seats by abstain-

¹⁴Recently, the theme of a "new socialism" has been taken up extensively in Yugoslav publications, possibly the most succinct appearing in *Yugoslav Life*, a monthly journal, in English, published in Belgrade by the Tanjug news agency. See the issues from May, 1988, through May, 1989.

¹⁶Warsaw Radio, May 17, 1989, in Foreign Broadcast Information Service, *East Europe Daily Report* (cited as FBIS), 89-096, May 19, 1989, pp. 38-40.

¹⁷Ann Świdlicka, "Catholic Church After Roundtable Talks," *Situation Report* (Munich: Radio Free Europe), May 19, 1989, pp. 9-15.

ing or crossing out their names. Both Prime Minister Rakowski and Interior Minister Kiszczak were defeated because each received less than 50 percent of the vote. Of the 35 top Communist party leaders, 33 failed to be elected (including eight Politburo members) in this first round.

On June 18, Solidarity won seven more seats in the Senate, which gave it a total of 99, and picked up the one remaining seat in the *Sejm*. In contrast to the earlier turnout of more than 62 percent, only one-fourth of the electorate bothered to vote in the second round.¹⁸ Control over the upper chamber gives Solidarity an influential position. With a two-thirds vote, the Senate can block bills passed by the *Sejm* and can co-elect the country's President to a six-year term.

FOREIGN AFFAIRS

Within days of the roundtable agreement in Warsaw, the President of the United States gave an address before a predominantly Polish-American audience in Hamtramck, Michigan.¹⁹ In it, George Bush announced that the United States would no longer oppose IMF assistance for the development of market-oriented economic policies in Poland. Before a loan of up to \$300 million can be approved, however, a sound austerity program for the economy must be worked out. The United States will also cooperate with the Paris Club of West European creditor governments to reschedule Warsaw's hard currency debt. Poland managed to pay only half its annual interest charges in 1988. Other loans may be forthcoming from the Export-Import Bank and from the International Bank for Reconstruction and Development (World Bank). Congressional legislation will be sought to lower United States tariff barriers and to authorize the Overseas Private Investment Corporation to offer risk insurance to American businessmen in Poland. Total credits could reach \$1 billion. One-tenth of that has

¹⁸Louisa Vinton, "Second Round of the Elections," *ibid.*, July 6, 1989, pp. 17-19.

¹⁹President George Bush, "Encouraging Political and Economic Reform in Poland," *Current Policy*, no. 1166 (Washington, D.C.: United States Department of State, April 17, 1989).

²⁰John Tagliabue, "U.S. Angel with \$100 Million," *NYT*, June 11, 1989.

²¹Peter Kilborn, "Wall Street Tactics...Poland," *International Herald Tribune* (London), July 15-16, 1989, p. 9. For American policy options, see Nicholas G. Andrews, "Poland: Projections," in R.F. Staar, ed., *United States-East European Relations in the 1990's* (New York: Crane Russak, 1989), pp. 101-111.

²²"U.S. and West European...Food Aids," *NYT*, August 2, 1989.

²³West German figures cited by Serge Schmemmann, "Miseries Temper Poles' Good Cheer," *NYT*, July 12, 1989.

²⁴Quoted by Tadeusz Szkamruk, "Support for Reforms...a Basic Assumption of Polish Foreign Policy," *Trybuna ludu*, December 20, 1988, p. 5.

been pledged already by a wealthy American of Polish extraction, who would convert the Gdańsk shipyard into a joint venture.²⁰

President Bush paid a two-day visit to Poland during July 10-11, 1989, met with regime and opposition leaders, and addressed the *Sejm*. He promised to ask the United States Congress for \$100 million (a Polish-American Enterprise Fund) that would be used to help private entrepreneurs to take over state companies, organize businesses of their own and establish joint ventures with American investors. The World Bank would facilitate a \$325-million loan to modernize industry and agriculture, and the IMF would help work out a management program for the economy.²¹

The European Community (EC) soon thereafter pledged \$120 million and the United States \$59 million, with Austria and Switzerland joining this endeavor to donate food for Poland. The Warsaw government had requested \$1 billion each year in 1990 and 1991 in food, pesticides, feed grains and packaging material for milk and dairy products. The EC and American response, to date, has been of a short-term nature.²²

Warsaw also apparently hopes for considerably more help from the Federal Republic of Germany (FRG, West Germany), whose foreign minister visited the country last year. Hans-Dietrich Genscher, however, did not sign any commitments regarding access to markets or new credits. West German Chancellor Helmut Kohl may be amenable to such agreements, when he comes to Poland toward the end of 1989. One problem that may be discussed is the large number of Poles applying for West German visas, a number that was expected to increase from the 1,124,000 (including 230,000 immigrants; 29,023 asylum seekers; 140,200 ethnic Germans; and 725,000 visitors) issued during 1988.²³ West Germany, although it is Poland's largest creditor as well as trade partner, has changed its entry regulations. Since April, 1989, Polish citizens going to West Germany as tourists must have DM50 (US\$26) for each day of their visit to obtain a West German visa.

In contrast, not many citizens of Poland apply to emigrate east. Foreign Minister Tadeusz Olechowski reflected only official attitudes when he spoke of bringing Polish and Soviet societies closer together. The policy, he asserted, will "create a great opportunity for both states to overcome the residue of a difficult past."²⁴ This past includes the execution of some 15,000 Polish officer prisoners-of-war by the Soviet secret police (now the KGB) in the spring of 1940. Only about one-third of the bodies were discovered in mass graves at Katyn Forest near Smolensk, Belorussia, leading to the conclusion that the remaining 10,600 are buried elsewhere. In

the meanwhile, National Defense Ministry Publishers at Warsaw have announced plans to bring out several memoirs of Poles who survived the infamous Soviet gulag archipelago.²⁵ Gorbachev and Jaruzelski reportedly discussed these "blank spots" in 1987 and again on April 28, 1989, when the latter visited Moscow.

It is well known that the Soviet Union supplies Poland with 80 percent of its fuel and energy requirements. This includes some 15 million tons of petroleum and oil products, contracted for the current year. Moscow also exports iron ore, natural gas, electricity, cotton and even grain to Warsaw in return for manufactured goods. During 1988, one-fourth of Poland's exports went to, and 27.5 percent of its imports came from, the Soviet Union. Membership in the Soviet-dominated Council for Mutual Economic Assistance (CMEA, Comecon) may help the Polish government slowly modernize its industry with computers, automation, nuclear power, new materials and biotechnology, which are priorities in the East European comprehensive planning program through the end of this century.²⁶

THE FUTURE

Until midyear, rationing had given families at least a minimum of food each month at subsidized prices. The system did not prevent shortages, however. When price controls were lifted on August 1, the prices of staples shot up to five times their previous levels. The regime had promised wage indexing and bonuses to compensate workers in state-owned enterprises. This did not prevent brief rail and bus strikes in Gdańsk, Zielona Góra and Wrocław. For the time being, these disruptions were contained. Should they spread to steel mills, coal mines and shipyards—the industrial core of the country—the economic situation may deteriorate into chaos.

The policy of allowing prices to find their own

²⁵An official spokesman announced in Warsaw that the Polish government believed that the secret police committed the Katyn Statement by Urban," Moscow Radio as cited in FBIS, 89-047, March 13, 1989, pp. 46-47. The books were announced over Warsaw Radio, January 22, 1989, in FBIS, 89-022, February 3, 1989, p. 38. ed over Warsaw Radio, January 22, 1989, in FBIS, 89-022, February 3, 1989, p. 38.

²⁶See Bartłomiej Kaminski, "Council for Mutual Economic Assistance," in R.F. Staar, ed., *1989 Yearbook on International Communist Affairs*, pp. 413-431.

²⁷Richard F. Staar, *Communist Regimes in Eastern Europe* (Stanford: Hoover Institution Press, 1989), p. 179.

²⁸John Tagliabue, "As Food Price Rises..." *NYT*, August 2, 1989; "Solidarity Starts Effort to Remove Premier," *NYT*, August 8, 1989; "2 Small Polish Parties Mull Solidarity Offer," *NYT*, August 9, 1989.

²⁹Francis X. Clines, "Gorbachev Calls, Polish Party Drops Its Demands," *NYT*, August 23, 1989.

levels had not been synchronized with new marketing arrangements for agricultural products, which would have provided some relief for the urban consumer. The latter most probably can survive through the end of September because of earlier hoarding and hard currency remitted or brought back by those who work abroad seasonally. By that time, emergency shipments of foods from the United States and West Europe were arriving in Poland.

Future developments, however, will depend less on foreign economic aid than on the willingness of the population to accept austerity and to implement long-range economic reforms. The April, 1989, agreement between the regime and the opposition acknowledges that its people must feel confidence in the reform program if Poland is to overcome bureaucratic inertia, fear and neo-Stalinists within the ruling Communist party. It is obvious that the attempt since mid-July, 1983, to co-opt prominent non-Communists into the government-sponsored Patriotic Movement for National Rebirth (PRON-*Patriotyczny Ruch Odrodzenia Narodowego*) has failed. That front organization can no longer claim to be an instrument of any influence, because it lacks credibility.²⁷

This condition became obvious when Jaruzelski offered Solidarity seven (including health, industry, environment and housing) out of 21 ministerial portfolios in the new Cabinet. Wałęsa rejected the opportunity to become a junior partner in a coalition government and to accept responsibility for these critical problem areas. He also released a statement opposing Kiszczak as Prime Minister (who had been elected with 237 votes for, 173 against and 10 abstentions) and calling for a government headed by a Solidarity nominee with support from the United Peasant party as well as the Democratic party. The former has 76 legislators, all of whom had refused to support Kiszczak in the first show of hands, before he later won election by the *Sejm*.²⁸ A Solidarity nominee would hold a majority in the lower chamber.

Unable to form a government after the United Peasant and Democratic parties refused their support, Kiszczak resigned. President Jaruzelski then asked Tadeusz Mazowiecki, an attorney and the editor of *Gazeta wyborcza*, to become Prime Minister. This close adviser to Wałęsa accepted the post and was confirmed in the *Sejm* on August 24, 1989, by 378 votes to 4 (including 130 Communists), with 41 abstentions. Two days earlier, in a 40-minute telephone conversation with the PZPR First Secretary, Gorbachev reportedly had suggested that the Communists accept the inevitable and cooperate in establishing a Solidarity-led Cabinet.²⁹

(Continued on page 409)

SOVIET-EAST EUROPEAN RELATIONS

(Continued from page 380)

Communist regimes in East Europe and toward the extension of Soviet power into the western part of the continent. Benevolent treatment of the satellite countries is in part motivated by Moscow's desire to impress Western public opinion. The unusual popularity Gorbachev enjoys in West Europe, especially in West Germany, provides the Soviet Union with direct access to the voters and with influence on political choices. Soviet acceptance of democratic processes taking place in some East European countries serves as evidence of a new post-totalitarian Soviet Union and East Europe, where political patterns closely resemble those in the West. Under Gorbachev, Moscow is sponsoring a carefully orchestrated convergence between some Eastern and Western countries in Europe. The ultimate objective of this game is to overcome the division of Europe on Soviet terms.

A COMMON EUROPEAN HOUSE

Labeled "a common European house," this approach to the West envisions projections of a completely new image of the Soviet Union. Instead of intimidation, Soviet leaders are stressing concerns for humanitarian and environmental issues. The red and revolutionary Soviet Union has been redesigned with green and democratic colors. West Europeans are repeatedly reassured about the "right of all peoples and states freely to determine their fate and build their relations with one another in a sovereign manner on the basis of international law"; it is emphasized that the "primacy of international law must be ensured in domestic and international policies." The common European house is to be built on such principles as the "right freely to choose one's political and social system"; disarmament; "the realization of human rights"; and "intensive ecological cooperation."⁹

The exact meaning of the common European house concept has never been made clear by Moscow. In figurative speech, it means the

all-European home that extends from the Atlantic Ocean to the Urals, a house whose doors are open and [where] the revival of thinking in terms of blocs has disappeared. This house, in terms of rights and

⁹Joint statement issued by President Gorbachev and West German Chancellor Helmut Kohl at the end of Gorbachev's visit to West Germany. *Pravda*, June 14, 1989.

¹⁰Moscow International Service, July 24, 1989, in Foreign Broadcast Information Service, *Soviet Union Daily Report* (cited as FBIS-SOV), July 26, 1989.

¹¹"Top Priority," FBIS-SOV, July 19, 1989.

†The Treaty of Rapallo (1922) between Germany and Russia.

duties, will have residents made up of small and big nations who do not interfere in each other's affairs: who are equal and who will decide their social systems on the basis of their own choice. There will be no foreign military bases; no foreign troops anywhere.¹⁰

Poland and Hungary are presented as models of this project. These countries, in the Soviet view, are now fully independent, free to pursue their own domestic and foreign policies. On the occasion of United States President George Bush's visit to East Europe in July, 1989, a Soviet commentator concluded that these two states are "emerging as independent powers in their own right. . . . In the middle of Europe, very important nations are free to deal with East and West on their own terms."

Poland and Hungary, in the Soviet view, are prime examples of sovereign states in Europe; that is, examples of the limits to Soviet tolerance of diversity within the bloc. The West is invited to peaceful engagement in the region if, however, it does not try to destabilize these countries with some of its ideas. President Bush has been praised for his "responsible behavior" in Poland and Hungary, and has been quoted for his support of reforms and the current political leadership. "It is amazing," concluded one Soviet commentator, "that both the Soviet Union and the United States right now at this moment of history are virtually, in the most general sense, on the same side of the barricade."¹¹

This Soviet position on East Europe and the acceptable forms of Western involvement in the region may indicate the limits of freedom for the East European people. If constructed, this common European house may closely resemble the nineteenth century Holy Alliance of larger and more conservative countries bound together to perpetuate the status quo. In this case, the Soviet idea represents nothing more than a desire to freeze socioeconomic evolution in East Europe and involve the industrialized democracies in the common East-West guardianship over this volatile region. Such a conception of European security would extend Soviet power in East Europe well into the next century, while the West would be expected to underwrite Soviet ambitions. In this respect, the common European house idea is only slightly more flexible than the old concept of peaceful coexistence and the Sonnenfeldt Doctrine.

Another possible alternative of the common European house is known as the "new Rapallo."[†] A strategic compromise between the Soviet Union and West Germany at the expense of some East European states would alter the entire balance of power in Europe. Unable to arrest economic decline at home and political disintegration within the Eastern bloc, Moscow may agree to the reunifica-

tion of Germany in exchange for German neutrality. The Soviet leaders may calculate that in the long run, the unification of Germany cannot be prevented; by concluding the deal early, Moscow may extract a higher reward. The benefits of such a transaction far exceed the advantages of control over East Germany and Poland, provided that a unified Germany would not turn toward nationalism or toward the West.

It is hardly a surprise that the Soviet vision of a European common house attracts little enthusiasm and support from the East European states. For the Poles, it might spell another partition, and for East Germany, it could mean the termination of its very existence.

Soviet domination over Europe would be strengthened by German involvement, since the majority of East European nations would find themselves confined between the two strongest states in Europe with no room for independence. Thus, the common European house may become another prison for the people of East Europe.

Although Gorbachev's *Westpolitik* is welcomed by most East European states, they prefer to stress nuclear and conventional disarmament, and economic and cultural relations instead of actively promoting Moscow's grand schemes. Russians have a long historical record of selling East European nations for favors from Germany; another such deal over the heads of East Europeans cannot be ruled out.

Finally, East Europe should be prepared for a unilateral Soviet withdrawal prompted by the declining performance of the Soviet economy and troubles with national minorities. This development would invite West German penetration of the entire region.

Poland, in particular, feels uneasy about this eventuality and would welcome a French, British and American presence in East Europe. The eventual addition of Poland, Hungary and other East European states to the European Community would relieve their security concerns with regard to the Soviet Union and Germany, and would assure socioeconomic development according to a Western model.

CONCLUSION

The balance sheet of change in East Europe and in Soviet-East European relations is far from complete. A number of unprecedented political and economic changes have taken place without depriving the Communist party of the ability to reassert itself as the sole ruler. The Soviet bloc is still in place without any sign of decline in Moscow's control over the military forces of its East European allies. The failure of Marxism-Leninism and the Soviet

type of political system is unquestionable, but Moscow's strategic hegemony in the region is not threatened. As *Realpolitik* replaces ideology, future strategic adjustments in Europe may be arranged at East European expense.

The international system created at Yalta is still in force, and its replacement by the Finlandization of East Europe, another Holy Alliance or another Rapallo is contingent on developments far beyond East Europe's control. One thing is sure, however, the likelihood that East Europe will be on its own is as slim as ever. ■

POLAND

(Continued from page 407)

Thus, at the end of August, Poland was faced with the basic question in the title of this article, Renewal or Stagnation? At least now, there is hope that renewal has a chance to succeed.

The largest potential obstruction to the kind of reforms needed for a genuine renewal are the 900,000 Communists who hold the country's most important managerial positions. They range from civil servants to directors of state-owned industries to high school principals to hospital administrators. All are subject to PZPR approval and represent the so-called *nomenklatura*, in the words of the Communist parliamentary floor leader Marian Orzechowski.³⁰ Perhaps, instead of firing these bureaucrats, the new Prime Minister would be well advised to retire them on pensions, so that he could begin with a clean slate. ■

³⁰John Tagliabue, "With Poland's Change. . .," *NYT*, August 27, 1989. See also Amity Shlaes, "Seven Days in a New Democracy," *Wall Street Journal*, August 31, 1989, which gives the same number (900,000) for the key positions. Solidarity estimates that PZPR controls 900,000 out of 1.2 million key positions throughout the country. *The Economist* (London), August 12, 1989, p. 10 of special section.

BOOK REVIEWS

(Continued from page 397)

pectations, chose policies that resembled those of the new conservatives in the United States more closely than those of his rightist French predecessors. Until 1986, the Socialists had a parliamentary majority; they had the opportunity to put their principles into practice, although in the end they found them wanting.

In 1986, the Socialists lost their majority, thus creating the uniquely French "cohabitation" (a Socialist President with a conservative Prime Minister). Mitterrand easily won a second term as President in 1988, but he failed to win a majority for his party in the legislature. Although the period under study is still close at hand, this author highlights the "revolutionary" changes on

the French political scene, most notably, the renewed postwar popularity of the Socialist party.
D.E.S.

RELUCTANT REALISTS: THE CDU/CSU AND WEST GERMAN *OSTPOLITIK*. By *Clay Clemens*. (Durham, N.C.: Duke University Press, 1989. 369 pages, notes, bibliography and index, \$48.75.)

Clay Clemens traces the relationship between one of West Germany's ruling parties—the Christian Democratic Union/Christian Social Union (CDU/CSU)—and East Europe, in particular, East Germany. In the 1960's, the party opposed any accommodation with the Eastern bloc, but it grew to accept rapprochement in the 1980's. The evolution of the party's position and the environment that influenced that evolution form the basis of Clemens's discussion. This analysis provides an instructive example of how West German foreign policy is shaped by the interplay of internal and external factors. D.E.S.

MRS. THATCHER'S REVOLUTION: THE ENDING OF THE SOCIALIST ERA. By *Peter Jenkins*. (Cambridge: Harvard University Press, 1988. 417 pages, index and bibliography, \$25.00, cloth; \$12.95, paper.)

A political columnist of the *Independent*, Peter Jenkins has written a sharp and rich analysis of the Thatcher "revolution." Calling Margaret Thatcher as much a product of the times as a shaper of them, Jenkins sketches the fall of the Labour party and the realignment of party politics that resulted in the election of the first post-Socialist Prime Minister, the Conservative party's Margaret Thatcher.

Jenkins turns to the neglect of education in the late 1850's to locate the roots of Britain's present decline. Thatcher's brilliance, he writes, was not in creating the issues of Britain's future agenda, but in articulating them.
D.E.S.

GERMANY THROUGH AMERICAN EYES: FOREIGN POLICY AND DOMESTIC ISSUES. Edited by *Gale A. Mattox and John H. Vaughan Jr.* (Boulder: Westview Press, 1989. 189 pages and index, \$28.50.)

In this collection of essays, American fellows of the Robert Bosch Foundation analyze German domestic and foreign policy, including economic, social and legal issues in West Germany; East-West German trade and political relations; the impact of changes in East German foreign policy on West Germany and the United States; and relations within NATO. David R. Larrimore, Edwina S. Campbell, A. Bradley Shingleton and Dennis P. McLaughlin are among the contributors.
D.E.S.

ECONOMIC DEVELOPMENT OF IRELAND IN THE TWENTIETH CENTURY. By *Kieran Kennedy, Thomas Giblin and Deirdre McHugh*. (London: Routledge, 1989. 288 pages, index and bibliography, \$57.00.)

This is an eminently readable and highly informative history of the Irish economy, beginning with Irish independence in 1922. The brief summary of the economy before independence sets the stage for what followed, as world war and postwar adjustment led to economic weakness. The clear organization of the chapters and the wealth of statistical data add to the usefulness of this volume.
D.E.S. ■

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THE MONTH IN REVIEW

A Current History chronology covering the most important events of September, 1989, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Antarctic Convention

Sept. 24—Because they do not endorse development in Antarctica, France and Australia withdraw their approval of the Convention on the Regulation of Antarctic Mineral Resources Activity, which was signed by 93 nations in June, 1988. The agreement opened Antarctica to mineral and oil exploitation; all nations had to sign the agreement before it could become effective.

Arab League

(See *Intl, UN; Lebanon*)

European Community (EC)

Sept. 9—Meeting in Antibes, France, the finance ministers of the 12 EC countries end their discussions; they agree in broad terms on ways to achieve an economic and monetary union.
Sept. 26—An EC executive commission offers a \$660-million aid package for Poland and Hungary; the plan is to be funded equally by the 12 EC members and 12 other countries.

General Agreement on Tariffs and Trade (GATT)

Sept. 6—U.S. presidential spokesman Marlin Fitzwater discloses that the U.S. is willing to discuss Chinese and Soviet membership in GATT.

Inter-American Development Bank

Sept. 10—The Inter-American Development Bank issues a report dated September 8 and made public today, *Economic and Social Progress in Latin America*, which shows a 0.6 percent average growth rate in 1988 in the Latin American economy, down from a 3 percent growth rate in 1987.

International Bank for Reconstruction and Development (World Bank)

(See also *U.S., Foreign Policy*)

Sept. 19—Despite U.S. objections, Angola joins the World Bank and the IMF (International Monetary Fund).
Sept. 20—World Bank President Barber B. Conable Jr. says that the Bank will consider reopening loans to China. Loans totaling \$780 million were suspended in June, 1989, after the military crackdown in Beijing.

International Monetary Fund (IMF)

(See also *Intl, World Bank; U.S., Foreign Policy*)

Sept. 17—In its annual report, the IMF says it disbursed \$92 billion to developing countries in 1988; debt service cost \$142 billion, leaving a net cash transfer of \$50 billion from poor to wealthy countries.

International Terrorism

(See also *U.S., Administration*)

Sept. 19—The French airline UTA announces that a plane flying from Congo to Paris with 170 people on board has disappeared. The last contact with the plane was made after it left an airport in Chad.
Sept. 20—A pro-Iranian extremist group, Islamic Holy War, claims responsibility for the crash of the French airliner. Wreckage of the plane has been discovered over a 40-square-mile region of Niger. Airline officials believe that a mid-air explosion caused the destruction of the plane.

Nonaligned Summit

(See also *Sri Lanka*)

Sept. 4—Meeting in Belgrade, the 100 countries who consider themselves nonaligned discuss a possible shift toward a more neutral world political position.
Sept. 7—The 100 nonaligned nations end their meeting with a declaration more favorable toward easing East-West tensions than previous declarations.

Organization of Petroleum Exporting Countries (OPEC)

Sept. 24—After 2 days of meetings in Geneva, OPEC members agree to try to find ways to maintain and raise prices while increasing production.
Sept. 27—The OPEC meeting ends with no agreement on production quotas for the balance of 1989.

Palestine Liberation Organization (PLO)

(See *Israel; Libya*)

United Nations (UN)

(See also *Japan; U.K., Hong Kong; U.S., Foreign Policy*)

Sept. 19—The 44th General Assembly of the UN opens in New York; former Nigerian Major General Joseph Naveh Garba is Assembly president.
Sept. 20—The UN Security Council issues a statement supporting the efforts of 3 Arab League members—Saudi Arabia, Algeria and Morocco—to negotiate an end to the civil war in Lebanon.
Sept. 29—Addressing the General Assembly, Colombian President Virgilio Barco Vargas asks the U.S. and other countries to aid his government's fight against drug traffickers.

World Energy Conference

Sept. 20—Meeting in Montreal, delegates from 91 nations issue a report warning about the possibility of greatly increased global warming by the year 2020.

ALGERIA

(See also *Intl, UN*)

Sept. 9—President Chandli Benjedid fires Prime Minister Kasdi Merbah and asks Mouloud Hamrouche to form a Cabinet.

ANGOLA

(See also *Intl, World Bank*)

Sept. 15—Angolan guerrilla leader Jonas Savimbi of UNITA (National Union for the Total Independence of Angola) says he will not attend the peace talks with President José Eduardo dos Santos scheduled for September 18 in Zaire.

ARGENTINA

Sept. 17—In a television interview, President Carlos Saúl Menem announces that he will pardon 20 military officers accused of committing crimes during the 1970's.

AUSTRALIA

(See *Intl, Antarctic Convention*)

AUSTRIA

(See *Germany, East*)

BELIZE

Sept. 5—Former Prime Minister George Price's People's United party defeats the United Democratic party in parliamentary elections. Price will replace Manuel Esquivel as Prime Minister.

BURKINA FASO

Sept. 19—The government executes 4 men, including the allegedly 2d and 3d highest figures in the military, after a coup attempt on September 18.

CAMBODIA

Sept. 21—After 11 years, Vietnam begins the final withdrawal of its troops from Cambodia.

Sept. 22—*The New York Times* reports that Prime Minister Hun Sen's attempts to persuade an international group to monitor the Vietnamese troop withdrawal have failed; only India will send observers.

Sept. 24—Hun Sen asks the opposition to agree to a cease-fire and asks China to stop sending arms to the rebel groups after the Vietnamese troops withdraw.

Sept. 26—The last Vietnamese soldiers leave Cambodia.

In Phnom Penh, Communist party General Secretary Heng Samrin calls on Cambodians to unite to defend Cambodia against the rebel Khmer Rouge.

CANADA

(See *Intl, World Energy Conference*)

CHAD

(See *Intl, Intl Terrorism*)

CHINA

(See also *Intl, GATT, World Bank; Cambodia; Japan; U.K., Hong Kong*)

Sept. 2—*China Daily* reports that in order to prevent students from coming under Western influence, China will restrict the number of graduate students permitted to study abroad.

Sept. 4—Culture Minister Wang Meng is dismissed and is replaced by He Jinzhi, a high-ranking official in the Communist party propaganda department. Wang's appointment had been seen as a sign of literary liberalization.

Sept. 12—The Soviet Union's Vice President, Anatoly Lukyanov, arrives in Beijing for 6 days of talks.

Sept. 13—New China News Agency reports that 10 Tibetans have been sentenced to prison terms from 3 years to life for their pro-independence activities in March, 1989.

Sept. 14—Liang Xiang, governor of Hainan province and a close associate of former General Secretary Zhao Ziyang's, is dismissed.

Sept. 16—De facto leader Deng Xiaoping is seen on television for the first time in 3 months as he meets with American Professor T.D. Lee.

Sept. 17—According to *The New York Times*, in a confidential report Deng has named Communist party General Secretary Jiang Zemin as his successor. Jiang is closely identified with economic reform, but has supported harsh treatment of dissenters.

Sept. 26—Jiang holds a press conference; he says that the military crackdown in June was not a "tragedy," but a reaction to a counterrevolutionary rebellion aimed at overthrowing the Communist party and socialism. Jiang also states that open-door and economic reform policies will continue.

Sept. 29—In a speech marking the Communist government's 40th anniversary, Jiang says the pro-democracy demonstrations of April-June, 1989, were aimed at "overthrowing" the party's leadership; China is now engaged in "a serious class struggle."

COLOMBIA

(See also *Intl, UN*)

Sept. 2—A bomb set by drug traffickers damages a leading newspaper in Bogotá, killing 1 person and wounding 80 others.

Sept. 21—A presidential aid confirms the resignation of Justice Minister Monica de Greiff.

CONGO

(See *Intl, Intl Terrorism*)

COSTA RICA

(See *El Salvador*)

CZECHOSLOVAKIA

(See *Germany, East*)

EGYPT

(See also *Israel*)

Sept. 2—In Cairo, a court convicts 26 Muslim extremists of antigovernment activities; 5 of the defendants receive life sentences.

EL SALVADOR

Sept. 5—The Farabundo Martí National Liberation Front accepts government conditions for peace talks.

Sept. 13—Discussions between the government and the Farabundo Martí rebels are held in Mexico City; the rebels propose a 3-stage plan to take place over a 5-month period.

Sept. 14—For a 2d day, talks continue between rebels and the government; the rebels drop their demands for power-sharing.

Sept. 15—Discussions conclude in Mexico City; both sides agree to continue talks in October in Costa Rica.

Sept. 17—Farabundo Martí commander Joaquín Villalobos says that the rebels would honor a cease-fire if the U.S. were to stop military aid to the government.

Sept. 23—Rebels refuse to extend a truce that began on September 13.

ETHIOPIA

(See *U.S., Foreign Policy*)

FRANCE

(See *Intl, Antarctic Convention, EC, Intl Terrorism*)

GERMANY, EAST

(See also *U.S.S.R.*)

Sept. 10—Hungary announces that it will allow East Germans who visit Hungary to emigrate to West Germany. At least 7,000 East Germans have been waiting at the Hungarian border for permission to leave.

Sept. 11—The East German exodus from Hungary continues as thousands of East Germans enter Hungary. Hungarian Foreign Minister Gyula Horn says that 60,000 East Germans are "on vacation" in Hungary.

Sept. 12—In a formal diplomatic note to Hungary, East Germany protests the Hungarian decision to allow East German visitors to emigrate to the West.

Austria says that, since September 10, over 10,000 East Germans have passed through Austria on the way to West Germany.

Sept. 15—A proposed visit to East Germany by members of West Germany's main opposition party is cancelled by the East German government.

Sept. 18—East German emigrés say that East Germany and Czechoslovakia have begun to impound the passports of East Germans traveling to Hungary.

Sept. 25—General Secretary Erich Honecker appears in public for the 1st time in 5 weeks; there has been speculation in the West that Honecker's health is deteriorating.

Sept. 28—According to officials in West Germany and Czechoslovakia, over 2,000 East Germans are now living in the West German embassy compound in Prague.

Sept. 30—An agreement reached between East Germany and West Germany allows thousands of East German emigrés in Czechoslovakia and 600 East German emigrés in Poland to leave for West Germany.

GERMANY, WEST

(See also *Germany, East; U.K., Great Britain*)

Sept. 11—The Christian Democratic party re-elects Chancellor Helmut Kohl as party chairman; however, a record number of votes are cast against Kohl.

GREECE

Sept. 20—Parliament tells former Prime Minister Andreas Papandreu he must stand trial on charges of telephone wire-tapping during his 8 years in office.

Sept. 26—Pavlos Bakoyannis, a member of Parliament, is killed in Athens by a leftist group, the November 17 Guerrillas; Bakoyannis was the son-in-law of New Democratic party leader Constantine Mitsotakis.

Sept. 27—By a vote of 165 to 121, Parliament orders Papandreu to stand trial on charges of bribery, accepting stolen funds and breach of faith.

HUNGARY

(See also *Intl, EC; Germany, East*)

Sept. 18—Hungary and Israel establish full diplomatic relations; Hungary is the 1st Communist bloc nation to restore ties with Israel since 1967.

Sept. 27—Hungary's Parliament passes laws allowing citizens to call for political and social change.

INDIA

(See also *Cambodia; Sri Lanka*)

Sept. 13—American officials announce that after 30 years of negotiations, India and the U.S. have signed an agreement to avoid double taxation.

Sept. 17—*The New York Times* reports that a retired Indian general has accused Prime Minister Rajiv Gandhi of quashing efforts to uncover arms deal kickbacks from a Swedish weapons manufacturer in 1986.

Sept. 18—The Indian government agrees to a cease-fire in Sri Lanka, effective September 27, and agrees to withdraw its peacekeeping forces there by December, 1989. The agreement provides that if Indian forces are attacked, they retain the right to retaliate.

Sept. 25—Opposition parties hold a joint rally to draw attention to their demand that Gandhi resign.

IRAN

(See also *Intl, Intl Terrorism*)

Sept. 2—Teheran radio reports that President Hashemi Rafsanjani has resigned as commander in chief of the armed forces.

IRAQ

Sept. 6—Diplomatic sources in Baghdad and a British newspaper, *The Independent*, report that an explosion occurred on August 17 at an Iraqi military installation near Al Hillah. *The Independent* says that 700 people died in the accident.

Sept. 7—Iraqi officials confirm the August 17 explosion at the Al Hillah facility; Iraq, however, denies that the blast killed hundreds of people or that the accident was related to the clandestine manufacture of missiles.

ISRAEL

(See also *Hungary; U.S., Foreign Policy*)

Sept. 9—Palestinian guerrillas attempting to enter Israel at the Lebanese border shoot and kill an Israeli soldier.

Sept. 10—In the occupied territories, Israeli soldiers kill 5 Palestinians.

Sept. 17—The Cabinet approves a proposal to send Defense Minister Yitzhak Rabin to Cairo to discuss Egyptian President Hosni Mubarak's plan for Palestinian elections.

Sept. 20—Egyptian President Mubarak says that PLO (Palestine Liberation Organization) leader Yasir Arafat has endorsed Mubarak's suggestion that Israel and the PLO enter direct negotiations over the occupied territories.

JAPAN

(See also *U.S., Economy*)

Sept. 5—Police arrest 5 Japanese citizens trying to sell refined uranium, valued at \$83 million, to the U.S. embassy.

Sept. 11—The government announces that it will deport more than 600 Chinese who have identified themselves as refugees from Vietnam; Japan claims they are "economic refugees." This Japanese action is supported by the UN High Commissioner for Refugees.

Sept. 19—Japan agrees to reduce by two-thirds the number of its fishing boats in international waters using 30-mile-long drift nets (15 South Pacific nations demanded a total ban). The enormous nets trap many varieties of sealife, threatening some species and affecting the ocean food chain.

Sept. 22—*The Wall Street Journal* reports that during the 2d quarter, Japan's economy contracted at an annual rate of 3.1 percent because of a fall in private consumption and exports.

Sept. 27—Sony Corporation purchases the U.S. firm, Columbia Pictures Entertainment, Inc., for \$3.4 billion and agrees to buy the 49 percent share owned by the Coca Cola Company.

KOREA, NORTH

(See also *U.S., Foreign Policy*)

Sept. 15—North Korea rejects a South Korean proposal to unify Korea as a single commonwealth.

KOREA, SOUTH

(See also *Korea, North; U.S., Foreign Policy*)

Sept. 6—In 5 towns, students and workers stage demonstrations asking President Roh Tae Woo to resign and demanding the withdrawal of U.S. troops from South Korea. Police break up the rallies with tear gas.

KUWAIT

(See *Saudi Arabia*)

LEBANON

(See also *Intl, UN; Israel; U.S., Foreign Policy*)

Sept. 1—At least 13 civilians are killed in fighting between Christian and Muslim forces.

Sept. 11—In nationwide clashes between warring factions, 11 people are killed and 30 people are wounded.

Sept. 16—The 3-nation Arab League committee trying to mediate an end to the civil war in Lebanon introduces a new peace plan.

Sept. 22—Lebanese Christian militia leader General Michel Aoun accepts an Arab League cease-fire proposal.

Sept. 23—The Arab League cease-fire between Muslim and Christian forces goes into effect.

Sept. 30—An Arab League-sponsored conference of Lebanese Christian and Muslim legislators begins in Taif, Saudi Arabia; the legislators are trying to end Lebanon's 14-year civil war, which has claimed the lives of more than 150,000 people.

LIBYA

Sept. 1—At a celebration of his 20th year in power, Libyan leader Muammar Qaddafi says Libya still supports its "international revolutionary program." The leaders of Syria, Nicaragua and the PLO attend the celebration.

MEXICO

(See *El Salvador*)

MOROCCO

(See *Intl, UN*)

NAMIBIA

Sept. 12—Anton Lubowski, a white lawyer and a leader in the South West Africa People's Organization (SWAPO), is assassinated in Windhoek.

Sept. 14—SWAPO leader Sam Nujoma returns to Namibia after 30 years in exile.

Sept. 26—Nujoma speaks at a rally of 50,000 people; he calls on Namibia's white minority to join the Namibian independence process.

NETHERLANDS

Sept. 6—In today's general election, Prime Minister Ruud Lubbers's Christian Democratic party retains its seats in Parliament and remains the largest party in the coalition government.

NICARAGUA

(See also *Libya*)

Sept. 3—Nicaragua's 14-party opposition coalition chooses Violeta Barrios de Chamorro as its candidate in the February, 1990, presidential election.

NIGER

(See *Intl, Intl Terrorism*)

NIGERIA

(See *Intl, UN*)

PANAMA

Sept. 1—Francisco Rodríguez is sworn in as President; Rodríguez, a high-school friend of Panamanian de facto leader General Manuel Noriega's, is termed "Noriega's latest puppet President" by the U.S.

PHILIPPINES

Sept. 17—With \$28 billion in foreign debt, the government announces a plan to finance its foreign debt; it expects to receive \$1 billion in new foreign funds.

Sept. 26—Shortly before the arrival of U.S. Vice President Dan Quayle, 2 American civilians working at a U.S. military base are killed. Philippine officials believe the men were killed by Communist guerrillas.

Sept. 27—Meeting with President Corazon Aquino, Vice President Quayle says he is confident the Philippines will renew its lease on U.S. military bases there, due to expire in 1991.

Sept. 28—Former President Ferdinand Marcos dies in a Honolulu hospital. Aquino has refused to allow him to be buried in the Philippines.

POLAND

(See also *Intl, EC; Germany, East; U.S., Foreign Policy; Vatican*)

Sept. 7—Prime Minister Tadeusz Mazowiecki submits his list of Cabinet appointments to Parliament; the ministries of defense and internal affairs are given to the Communist party.

Sept. 12—By a 402-0 vote with 13 abstentions, the Parliament

approves Prime Minister Mazowiecki's Cabinet; among the 22 posts, Solidarity receives 9 seats, while the Communist party is allotted 4 seats.

SAUDI ARABIA

(See also *Intl, UN; Lebanon; U.S., Foreign Policy*)

Sept. 21—The Interior Ministry announces the execution of 16 Shiite Muslim Kuwaitis; the condemned men were accused of planning terrorist acts during the annual pilgrimage to Mecca.

SOUTH AFRICA

Sept. 1—Police officers arrest Nobel Peace Prize recipient Archbishop Desmond Tutu and 30 other protesters at an anti-apartheid demonstration in Cape Town.

Sept. 2—Police crack down on a demonstration in Cape Town; among the 500 protesters arrested are 50 journalists and anti-apartheid leader Reverend Allan Boesak.

Sept. 4—In Cape Town, police detain Archbishop Tutu and Reverend Boesak at a church meeting called to discuss the exclusion of blacks from the September 6 general elections.

Sept. 5—A 2-day nationwide general strike begins, with hundreds of thousands of blacks boycotting work and schools; the strike is called by the anti-apartheid movement to protest the exclusion of blacks from the parliamentary elections.

Sept. 6—The governing National party suffers a major setback in parliamentary elections, but wins enough seats to retain power. The liberal Democratic party and the pro-apartheid Conservative party make considerable gains.

Sept. 7—Acting President F. W. de Klerk says the September 6 elections were a "clear and resounding" signal from non-black voters for constitutional reform.

Archbishop Tutu says that at least 23 people died in fighting between protesters and police in Cape Town on September 6.

Sept. 13—The South African government allows 20,000 anti-apartheid protesters to demonstrate in Cape Town.

Sept. 14—By a unanimous vote of the electoral college, F. W. de Klerk is elected to a 5-year term as President.

Sept. 15—More than 20,000 black, white and "coloured" protesters march through Johannesburg, while 1,000 people demonstrate in Pretoria; the government allows both rallies.

Sept. 16—F. W. de Klerk abolishes the position of minister of information and places the National Intelligence Service under his direct authority.

Sept. 20—F. W. de Klerk is sworn in as President.

Sept. 23—The government prevents an anti-apartheid women's group from holding an unapproved rally in Johannesburg.

Sept. 27—The Johannesburg city council decides to eliminate "petty apartheid" laws and open public recreational facilities to all races.

SPAIN

Sept. 1—Prime Minister Felipe González schedules parliamentary elections for October 29.

SRI LANKA

(See also *India*)

Sept. 9—A senior government official says that Indian peace-keeping forces will withdraw from Sri Lanka by December 31; he cites an agreement reached by Indian and Sri Lankan officials at the Nonaligned Summit in Belgrade.

Sept. 13—Representatives of nearly all Sri Lankan ethnic groups and political parties begin a month-long conference to discuss the deteriorating political situation. The People's Liberation Front (PLF), a radical Sinhalese group, does not attend.

- Sept. 17—The government offers the PLF protection if it agrees to join the peace conference to end ethnic violence.
 Sept. 20—Tamil rebels in the north and east suspend hostilities in response to cease-fire announcements, while the PLF violence continues in the south.

SWEDEN

(See *India*)

SYRIA

(See *Libya*)

U.S.S.R.

(See also *Intl, GATT; China; U.S., Foreign Policy*)

- Sept. 9—In his 1st public appearance in a month, President Mikhail Gorbachev addresses a national television audience, warning nationalist leaders and conservative politicians of the "dangerous consequences" of growing unrest in the Soviet Union.
 The 1st meeting of a popular nationalist group in the Ukraine calls for the ouster of Ukrainian party leader Vladimir Shcherbitsky.
 Sept. 13—Gorbachev meets in private with the government and party leaders of the Baltic republics.
 Sept. 14—While visiting East Germany, Soviet Politburo member Yegor Ligachev announces that Gorbachev will visit East Germany in October.
 Sept. 17—Hundreds of thousands of Ukrainians demand the legal restoration of the Ukrainian Catholic Church; the 5-million-member church was banned by the Soviet Union in 1946.
 Sept. 19—A special meeting of the Communist party Central Committee—called to discuss ethnic unrest—begins in Moscow. Gorbachev announces that the next party congress will be held in October, 1990.
 Sept. 20—The special session of the Central Committee ends with the purge of 5 members of the Politburo, including Ukrainian party leader Shcherbitsky and former secret police (KGB) chief Viktor Chebrikov. KGB chief Vladimir Kryuchkov and Yuri Maslyukov are given voting-member status.
 Sept. 23—By a vote of 274 to 0, Lithuania's legislature declares the 1940 Soviet annexation of Lithuania invalid.
 Sept. 25—The fall session of the Supreme Soviet opens; Gorbachev says he will intervene if Azerbaijan does not end its month-long railroad blockade of supplies to Armenia.
 Sept. 26—Azerbaijan lifts its railroad blockade.
 Sept. 27—The Soviet Union opens its Plesetsk Space Center to foreign observers; officials at the center acknowledge several accidents at the facility, including a 1980 rocket explosion that killed 50 people.
 Sept. 28—In a ceremony attended by Gorbachev, Vladimir Ivashko is named Ukrainian Communist party leader, replacing Vladimir Shcherbitsky.

UNITED KINGDOM

Great Britain

(See also *Iraq; U.K., Hong Kong; U.S., Foreign Policy*)

- Sept. 7—The I.R.A. (Irish Republican Army) claims responsibility for killing the wife of a British soldier stationed in West Germany.
 Sept. 22—An explosion at a Marine barracks in Walmer kills at least 10 people; the I.R.A. claims responsibility.

Hong Kong

- Sept. 2—A 2d riot in a week breaks out among Vietnamese boat people in detention centers; 1 man has been killed and 11 people injured in the violence.

- Sept. 27—At the UN, British Foreign Secretary John Major says that Britain will grant Hong Kong nationals who are "essential to Hong Kong's future stability and prosperity" the right to move to Britain after 1997 if China limits Western-style freedoms after it takes control of Hong Kong.

Northern Ireland

(See *U.K., Great Britain*)

UNITED STATES

Administration

- Sept. 5—In a nationally televised address, President George Bush outlines his proposals for controlling "the toughest domestic challenge we've faced in decades"—controlling the U.S. drug problem. The program calls for \$7.9 billion in fiscal 1990 to try to stop drug trafficking on the streets rather than at the border.
 Sept. 7—Drug policy control director William Bennett says that state and local governments will have to spend between \$5 billion and \$10 billion next year to meet the President's goals.
 Sept. 8—Former President Ronald Reagan undergoes successful brain surgery at the Mayo Clinic in Rochester, Minnesota, to relieve fluid pressure apparently caused by a fall from a horse in July.
 Sept. 10—Attorney General Richard Thornburgh releases a Bureau of Justice Statistics report that shows a 7.3 percent rise in the U.S. prison population in the 1st half of 1989.
 Sept. 15—In a speech in Kentucky, President Bush says that, in spite of recent tragedies caused by assault rifles, he sees "no evidence that a law banning a specific weapon is going to guard against it."
 Sept. 20—The Federal Aviation Administration (FAA) fines Pan American World Airways \$630,000 for reported security violations on Flight 103, which exploded in the air over Scotland on December 1, 1988.
 Sept. 27—In Charlottesville, Virginia, President Bush meets with the nation's governors at an education summit; he urges the governors to work for "fundamental changes" in the nation's school systems.
 Sept. 28—The Food and Drug Administration (FDA) announces that it is allowing the experimental drug DDI (dideoxyinosine) to be distributed to patients with AIDS (Acquired Immune Deficiency Syndrome) while it is still being tested for safety and effectiveness.
 Sept. 29—In a record drug raid, federal agents seize more than 20 tons of cocaine and more than \$10 million in cash in Sylmar, California.

Economy

(See also *Japan*)

- Sept. 1—The Commerce Department reports that its index of leading economic indicators rose 0.2 percent in July.
 The Labor Department says that the nation's unemployment rate was 5.1 percent in August, down slightly from the July rate.
 The New York Stock Exchange's Dow Jones Industrial Average of 30 blue-chip stocks closes at a new high of 2,752.09.
 Sept. 15—The *New York Times* reports that Mitsubishi Bank Ltd., the 4th largest bank in the world, will be listed for trading on the New York Stock Exchange starting next week; it will be the first Japanese financial institution listed.
 The Commerce Department reports that the U.S. foreign trade deficit for the month of July was \$7.58 billion, the lowest deficit in 4½ years.
 The Labor Department reports a decline in its producer price index of 0.4 percent in August.

Sept. 19—*The New York Times* reports that the world's largest bank, Dai-Ichi Kangyo Bank, announced plans on September 18 to purchase a controlling interest in the CIT Group (a business-lending unit of Manufacturers Hanover Trust) for \$1.4 billion.

The Labor Department reports that its consumer price index remained unchanged in August.

Sept. 21—Tiffany and Company announces that Mitsukoshi Ltd., a leading Japanese department store, will buy 10 percent of Tiffany's stock, increasing Mitsukoshi's total share to 13 percent.

The Commerce Department reports that the nation's gross national product (GNP) rose at an annual rate of 2.5 percent in the 2d quarter of 1989.

Sept. 29—The Commerce Department reports that its index of leading economic indicators rose 0.3 percent in August.

Foreign Policy

(See also *Intl, GATT, UN, World Bank; China; El Salvador; India; Japan; Korea, South; Panama; Philippines*)

Sept. 1—President Bush announces that the U.S. will "not recognize any government installed by Panama's General Manuel Noriega" and will not give diplomatic recognition to newly elected Panamanian President Francisco Rodríguez.

Sept. 6—The U.S. embassy in Beirut is evacuated after a rumored threat by Lebanese Christian leader General Michel Aoun to seize American hostages.

Sept. 7—Aoun denies making any threat against U.S. embassy personnel.

In Atlanta, Georgia, Ethiopian government and rebel group representatives meet with former President Jimmy Carter as mediator to discuss ways to end their 28-year-old war.

Sept. 10—President Bush signs a directive that will allow U.S. military advisers in Latin America to leave their base camps to train local forces in so-called "secure" areas.

Sept. 13—White House officials report that a National Security Council meeting on September 7 decided not to increase the \$119 million in economic aid already promised to Poland.

Sept. 14—President Bush announces the doubling of U.S. food aid to Poland in fiscal year 1989, to \$100 million.

Sept. 20—In South Korea, Vice President Dan Quayle says that U.S. troops will remain in South Korea as long as North Korea threatens the peace.

Sept. 21—In Washington, D.C., Soviet Foreign Minister Eduard Shevardnadze meets with President Bush and offers new proposals on arms control.

Secretary of State James Baker and Shevardnadze meet in Jackson Hole, Wyoming; they agree in principal on the trial inspections of U.S. and Soviet nuclear arsenals.

Sept. 23—Talks between Baker and Shevardnadze conclude with some agreement on arms control and other issues covering verification for strategic arms treaties, limitations on chemical weapons and possible future summit meetings; under certain conditions, the Soviet Union has agreed to drop its demands for U.S. curbs on its SDI (Strategic Defense Initiative, Star Wars) program before a missile treaty is signed.

Sept. 25—Addressing the UN General Assembly, President Bush says the U.S. will destroy 80 percent of its chemical weapons if the Soviet Union will do the same; President Bush says the U.S. will eliminate all chemical weapons within 10 years if a worldwide treaty barring such weapons is signed.

Sept. 27—In Washington, D.C., President Bush addresses the annual joint meeting of the IMF and World Bank; he asks for more international economic aid for Poland.

Defense Secretary Richard Cheney issues the annual Defense Department estimate of Soviet military strength, *Soviet Military Power in 1989*. The report apparently downgrades the

threat of Soviet "world domination," but warns that the U.S. should continue to maintain a strong defense.

Sept. 28—White House officials report that in Washington, D.C., earlier this month, Defense Secretary Richard Cheney told Israel's Defense Minister Yitzhak Rabin that the U.S. plans to sell 300 M1-A1 tanks to Saudi Arabia.

Labor and Industry

(See also *Japan*)

Sept. 17—The McDonnell Douglas Corporation says it will modify its DC-10 jets with a device that will allow a pilot to control the plane even if all hydraulic lines are ruptured.

Legislation

Sept. 28—The House votes 239 to 190 to approve a cut in the capital gains tax from 33 percent to 19.6 percent for those in the highest tax bracket; taxpayers in lower brackets will also benefit.

Both House and Senate vote unanimously to provide \$1.1 billion in emergency aid for victims of Hurricane Hugo in the Virgin Islands, Puerto Rico and South Carolina.

Political Scandal

Sept. 14—Former Housing and Urban Development (HUD) Secretary Samuel Pierce sends a letter to the House subcommittee that is investigating the HUD scandal. Pierce says he will not appear voluntarily, on advice of counsel.

Sept. 26—Pierce invokes the 5th and 6th Amendments in his refusal to answer the questions posed by the House subcommittee.

Sept. 27—Comptroller General Charles Browsher tells a Senate subcommittee investigating panel that an independent audit shows that the Federal Housing Administration (FHA), part of HUD, showed a loss of \$4.2 billion last year due in part to poor management and poor supervision.

Science and Space

Sept. 22—Hurricane Hugo, with 135 mile-per-hour winds, devastates the Virgin Islands, Puerto Rico and Charlestown, South Carolina.

Supreme Court

Sept. 8—Addressing a meeting of federal judges, Associate Justice Thurgood Marshall warns that recent Court decisions have "put at risk not only the civil rights of minorities but the civil rights of all citizens."

VATICAN

Sept. 19—Pope John Paul II calls for the removal of a convent of Carmelite nuns from Auschwitz, Poland, the site of a Nazi concentration camp during World War II. The relocation has been opposed by Jozef Cardinal Glemp, the Roman Catholic Primate of Poland, although a 1987 agreement between Catholic and Jewish religious leaders provided that the convent would be moved.

Sept. 21—Cardinal Glemp agrees with the Vatican request to move the convent to a new interfaith center near Auschwitz.

VIETNAM

(See also *Cambodia; Japan; U.K., Hong Kong*)

Sept. 2—*The New York Times* reports that Communist party leader Nguyen Van Linh admitted falsifying the date of Ho Chi Minh's death in 1969 by one day, to prevent interference with Vietnam's National Day celebrations.

YUGOSLAVIA

(See *Intl, Nonaligned Summit*)

ZAIRE

(See *Angola*)



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